Public Accounts

2006 - 2007

PUBLIC ACCOUNTS

OF THE

GOVERNMENT OF NUNAVUT

FOR THE YEAR ENDED MARCH 31, 2007

HONOURABLE LOUIS TAPARDJUK

Minister of Finance

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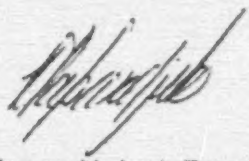
THE HONOURABLE ANN M. HANSON
COMMISSIONER OF NUNAVUT

I have the honour to present the Public Accounts of Nunavut for the fiscal year ended March 31, 2007. I would ask that these accounts be laid before the Legislative Assembly in accordance with the *Financial Administration Act*, R.S.N.W.T. 1988, c.F-4, S. 74 as amended, and duplicated for Nunavut, and the *Nunavut Act*, S.C. 1993, C.28, s.44.



Honourable Louis Tapardjuk
Minister of Finance

Government of Nunavut
Iqaluit, Nunavut

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Public Accounts of the
Government of Nunavut
March 31, 2007

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SECTION I

CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of these consolidated financial statements for the Government of Nunavut, and related information contained in the Public Accounts, is the responsibility of management through the Department of Finance.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for governments recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. When GAAP permits alternative accounting methods, management has chosen those it believes are most appropriate. Where required, management's best estimates and judgments have been applied in the preparation of these statements.

The Government fulfills its accounting and reporting responsibilities, through the Department of Finance, by maintaining systems of financial management and internal control. These systems are continually enhanced and modified to provide accurate information, to safeguard and control the Government's assets, and to ensure that all transactions are in accordance with the *Financial Administration Act*.

The Public Accounts are referred to the Standing Committee on Government Operations and Accountability after they have been tabled in the Legislative Assembly. The recommendations of this Committee will be reviewed and acted upon, where appropriate, to improve financial management, financial reporting practices and the systems of internal controls.

The Auditor General of Canada conducts an annual audit of the consolidated financial statements in order to express an opinion as to whether the statements present fairly, in all material respects, the financial position, results of operations and accumulated surplus, change in net financial assets (debt) and cash flow for the year. During the course of the audit, she also examines transactions that have come to her notice, to ensure that they are, in all significant respects, within the statutory powers of the Government and those organizations included in the consolidation. The Auditor General's opinion is included with the consolidated financial statements.

Peter Ma
Deputy Minister of Finance

May 30, 2008

Gerry M. O'Donnell, CGA
Comptroller General

May 30, 2008

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Legislative Assembly of Nunavut

I have audited the consolidated statement of financial position of the Government of Nunavut as at March 31, 2007 and the consolidated statements of operations and accumulated surplus, change in net financial assets (debt) and cash flow for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

Because the Nunavut Business Credit Corporation (NBCC), an entity fully consolidated in these financial statements, did not maintain proper book of accounts, a denial of opinion was issued on the NBCC March 31, 2007 financial statements. As a result, I am unable to determine whether any adjustments to NBCC's recorded or unrecorded assets, recorded or unrecorded liabilities and the components making up the statements of operations and equity, have a material effect on these financial statements.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself with respect to NBCC's assets, liabilities and the components making up the statements of operations and equity of NBCC as described in the above paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 2007 and the results of its operations, the change in its net debt and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The Auditor's Report for the 2006 fiscal year also contained a similar opinion.

In my opinion, except for the failure of the Government to meet the deadline for tabling consolidated financial statements and the effect of non compliance with the authorities of the Nunavut Business Credit Corporation as described in the following paragraphs, the transactions of the Government and of those organizations listed in Note 1 to the consolidated financial statements that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the Government's powers under the *Nunavut Act*, the *Financial Administration Act* for Nunavut and regulations and the specific operating authorities disclosed in Note 1.

Under section 44 of the *Nunavut Act*, the government is required to table its consolidated financial statements in the Legislative Assembly by December 31 each year for the fiscal year ended in March that year. The Government has again not tabled its consolidated financial statements by the deadline.

240 rue Sparks Street, Ottawa, Ontario K1A 0G6

The transactions of the Nunavut Business Credit Corporation have not, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* for Nunavut and regulations, the *Nunavut Business Credit Corporation Act* and regulations and the by-laws of the Corporation. Section 89 of the *Financial Administration Act* for Nunavut requires that the Corporation establish the form and content of financial records in accordance with accepted accounting principles and practices and establish and maintain systems and procedures to ensure that financial and other assets are properly managed, accounted for and controlled and that all payments are properly authorized. The Corporation did not maintain proper books of account or a system of internal controls over revenues and expenses.

Further, the *Nunavut Business Credit Corporation Act* (the *Act*) and regulations require the Corporation to charge interest on loans at the prescribed rate of business prime plus two percent. Interest was charged at rates higher than the prescribed rates for most of the new loans issued or renewed in 2007. The *Act* also requires that significant changes to the terms and conditions of loans be approved by the person(s) who initially approved the loan, either the Minister or the Board. We noted changes respecting interest rates charged that were not approved by either the Minister or the Board as required.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
May 30, 2008

GOVERNMENT OF NUNAVUT

Consolidated Statement of Financial Position
as at March 31, 2007
(thousands of dollars)

	2007	2006 (Restated Note 3)
Liabilities		
Accounts payable and accrued liabilities (Note 9)	$ 257,319	$ 245,807
Employee future benefits (Note 10(a))	19,152	18,015
Pension liabilities (Note 10(b))	4,989	4,467
Long term debt (Note 11)	117,529	114,431
Capital lease obligations (Note 13)	122,857	126,645
Total liabilities	521,846	509,365
Financial assets		
Cash and temporary investments (Note 4)	358,884	141,817
Long term investments (Note 5)	8,735	8,740
Due from the Government of Canada (Note 6(a))	56,321	74,922
Other revenues receivable (Note 6(b))	55,399	57,937
Inventories for resale (Note 7(a))	54,855	55,622
Loans receivable (Note 8)	20,935	21,347
Investment in District Education Authorities (Note 1)	1,357	-
Total financial assets	556,486	360,385
Net financial assets (debt)	34,640	(148,980)
Non-financial assets		
Tangible capital assets (Schedule B)	1,218,159	1,149,809
Inventories for use (Note 7(b))	12,845	11,765
Prepaid expenses	5,565	2,511
Total non-financial assets	1,236,569	1,164,085
Accumulated surplus	$ 1,271,209	$ 1,015,105

Commitments (Note 14)
Contingencies (Note 15)

The accompanying notes and schedules are an integral part of the consolidated financial statements

GOVERNMENT OF NUNAVUT

Consolidated Statement of Operations and Accumulated Surplus
for the year ended March 31, 2007
(thousands of dollars)

	2007	2006 (Restated Note 3)
Revenues (Schedule A)		
From the Government of Canada	$ 1,169,583	$ 981,103
Revenues generated by the Government of Nunavut	118,012	118,558
Total revenues	1,287,595	1,099,661
Expenses (Note 12)		
Health and Social Services	243,133	223,748
Community and Government Services	195,662	188,777
Education	200,811	182,759
Nunavut Housing Corporation	154,084	153,416
Justice	57,691	56,428
Economic Development and Transportation	48,478	46,772
Finance	60,143	55,947
Others	72,846	72,007
Total expenses	1,032,848	979,854
Excess of revenues over expenses	254,747	119,807
Net gain - District Education Authorities (Note 1)	1,357	-
Projects for the Government of Canada and others (Note 16)		
Revenues	44,893	35,759
Expenses	(44,893)	(35,759)
Surplus for the year	256,104	119,807
Accumulated surplus, beginning of the year	1,015,105	895,298
Accumulated surplus, end of the year	$ 1,271,209	$ 1,015,105

The accompanying notes and schedules are an integral part of the consolidated financial statements

GOVERNMENT OF NUNAVUT

Consolidated Statement of Change in Net Financial Assets (Debt)
as at March 31, 2007
(thousands of dollars)

	2007	2006 (Restated Note 3)
Surplus for the year	$ 256,104	$ 119,807
Tangible capital assets (Schedule B)		
Additions	(126,012)	(80,926)
Adjustment for QEC opening balance (Note 3(a))	-	(115,530)
Amortization	55,663	51,842
Disposals	1,999	2,353
	(68,350)	(142,261)
Net use (additions) of inventories for use	(1,080)	(11,765)
Net use (additions) of prepaid expenses	(3,054)	171
	(4,134)	(11,594)
Change in net financial assets (debt)	183,620	(34,048)
Net financial assets (debt), beginning of the year	(148,980)	(114,932)
Net financial assets (debt), end of the year	$ 34,640	$ (148,980)

The accompanying notes and schedules are an integral part of the consolidated financial statements

GOVERNMENT OF NUNAVUT

Consolidated Statement of Cash Flow

for the year ended March 31, 2007
(thousands of dollars)

	2007	2006
Cash provided by (used for) government operations:		
Transfers from the Government of Canada	$ 1,248,712	$ 1,032,421
Taxes	37,394	42,415
Payment of interest under capital leases	(12,221)	(9,199)
Payment of interest on long term debt	(3,466)	(3,933)
Other government revenues	218,398	226,570
Grants and contributions	(212,447)	(170,921)
Salaries and employee benefits	(405,338)	(356,327)
Goods and services acquired	(534,791)	(556,376)
Cash provided by (used for) government operations	336,241	204,650
Cash provided by (used for) capital activities:		
Acquisition of capital assets, net of long term debt assumed	(126,317)	(79,751)
Sale of tangible capital assets	3,287	1,232
Cash provided by (used for) capital activities	(123,030)	(78,519)
Cash provided by (used for) investing activities:		
Loans to municipalities, businesses and individuals	(8,896)	(13,325)
Acquisition of long term investments	5	(1,377)
Loan repayments received by the government	10,106	4,550
Cash provided by (used for) investing activities	1,215	(10,152)
Cash provided by (used for) financing activities:		
Principal payments of capital lease financing	(5,111)	(7,563)
Principal payments of long term debt	(4,408)	(18,332)
Increase principal on long term debt	12,160	-
Cash provided by (used for) financing activities	2,641	(25,895)
Increase in cash and temporary investments	217,067	90,084
Cash and temporary investments, beginning of the year	141,817	51,733
Cash and temporary investments, end of the year (Note 4)	$ 358,884	$ 141,817

The accompanying notes and schedules are an integral part of the consolidated financial statements

1 AUTHORITY AND OPERATIONS

Authority and government reporting entity

The Government of Nunavut (the Government) operates under the authority of the *Nunavut Act*. The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments, except those specifically authorized by statute.

These consolidated financial statements are prepared to meet the financial reporting requirements in the *Nunavut Act* and the *Financial Administration Act* (Nunavut). The following organizations comprise the reporting entity represented by these consolidated financial statements. These organizations are accountable to, and are controlled by the Government.

The reporting entity of the Government of Nunavut includes all departments, agencies, corporations, organizations, and funds, which are controlled by the Government. For financial reporting purposes, control is defined as the power to govern the financial and operating policies of an organization with benefits from the organization's activities being expected, or the risk of loss being assumed by the Government. All organizations defined as departments, revolving funds, and territorial corporations in the *Financial Administration Act* are included in the reporting entity. Other organizations not listed in the *Financial Administration Act* may also meet the definition of control and they are included in the Government's reporting entity if their revenues, expenses, assets or liabilities are significant. The financial activities of all these entities are consolidated in these financial statements.

	Authority for operations
Government of Nunavut, including those departments set out in the Government's Main Estimates	*Financial Administration Act*
Revolving funds	*Revolving Funds Act*
Nunavut Housing Corporation	*Nunavut Housing Corporation Act*
Nunavut Arctic College	*Public Colleges Act*
Nunavut Development Corporation (including subsidiaries)	*Nunavut Development Corporation Act*
Nunavut Business Credit Corporation	*Nunavut Business Credit Corporation Act*
Qulliq Energy Corporation	*Qulliq Energy Corporation Act*

All entities included in the reporting entity, are fully consolidated except as noted below. Significant transactions and balances between consolidated entities are eliminated. Under the modified equity method, the Government reports only its investment in the entities and their net income (loss), and financial transactions and balances between the entities and others in the reporting entity are not eliminated.

In the fiscal year ending March 31, 2007, the District Education Authorities are accounted for on a modified equity basis in accordance with the transitional provisions from PSAB Section 1300. This results in the estimated $1,357 accumulated surplus of the DEAs as at March 31, 2007 being recorded in these consolidated financial statements.

Budget

A comparison of budgeted and actual results is provided in the Government's unaudited, non-consolidated financial statements, which are included in Section II of the Public Accounts.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Financial statements

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) as required by Section 45 of the *Nunavut Act*. Accordingly, the Government has adopted the recommendations of the PSAB as the primary basis of its accounting policies.

(b) Use of estimates and measurement uncertainty

The preparation of financial statements in accordance with GAAP requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates and assumptions are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these financial statements, the Government believes the estimates and assumptions to be reasonable. The more significant areas where estimates and assumptions have been used to prepare these financial statements include:

(i) Income tax revenue (collected by the Government of Canada on the Government's behalf) and grant revenue from the Government of Canada in areas such as the Canada Health Transfer and Canada Social Transfer. These revenues and grants are subject to revision by the Government of Canada in future years; and

(ii) Allowance for doubtful accounts, loan valuation allowances, provision for losses on loan guarantees, amortization of tangible capital assets and employee future benefits.

(c) Pension and non-pension employee future benefits

Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government contributes at a rate of 2.14 times (2006 - 2.14 times) the employee's contribution. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the plan.

The costs and obligations for the Government's pension benefits to Members of the Legislative Assembly are determined on an actuarial basis. This is done to determine the current value of future entitlements and uses various estimates. When actual experience varies from estimates, the adjustments needed are amortized over the estimated average remaining service lives of the contributors.

Non-pension benefits

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, severance and removal costs based on years of service. These benefits are paid upon resignation, retirement or death of the employee. The estimated liability and related expenses for these benefits are recorded as employees earn them. Termination benefits are recorded when employees are identified for lay-off. The cost of these benefits has been determined based on management's best estimates using expected compensation levels and employee leave credits.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Obligations and commitments

Leases

The Government classifies its leases for buildings and equipment as either capital or operating leases, as appropriate.

Capital leases transfer substantially all the benefits and risks of ownership of property to the Government, and are accounted for as both a tangible capital asset and a related capital lease obligation. Both are initially recorded at the present value of the minimum lease payments, effective at the beginning of the lease.

Operating leases are those leases where substantially all the benefits and risks of ownership are not transferred to the Government. Lease payments under operating leases are expensed in the year they are incurred.

Commitments and contingencies

The nature of the Government's activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual commitments pertain to block funding agreements with municipalities, operating commercial leases, capital projects, and operational funding commitments. Commitments are not accrued.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed. Contingent liabilities result from potential environmental contingencies or pending litigation and like items.

Environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. An environmental liability is accrued and an expense recorded based on management's best estimates at the time the contamination occurs or when the Government becomes aware of the contamination and is obligated or is likely obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements. Environmental liabilities are reported as part of accounts payable and accrued liabilities.

(e) Cash, cash equivalents, designated cash and investments

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short-term highly liquid investments that are readily convertible to cash.

Temporary investments are valued at the lower of cost or market value. Long term investments are valued at cost with premiums and discounts amortized over the period to maturity.

Interest income is recognized on an accrual basis, dividend income is recognized when declared, and capital gains and losses are recognized as incurred. Unrealized losses in designated cash and in long term investments are recognized when it is determined that there is a permanent impairment in the value of the investments and are included as a component of investment income.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Inventories

Inventories for resale include bulk fuel, liquor products, raw materials, work-in-progress and finished goods. Bulk fuel and finished goods inventory items are valued at the lower of weighted average cost and net realizable value. Liquor products, raw materials and work-in-progress inventory items are valued at the lower of cost and replacement cost.

Inventories for use include fuel, supplies and lubricants, and health and medical supplies. Fuel inventory is valued at the lower of cost and replacement cost, with the cost being determined on a weighted average basis. Supplies and lubricants as well as health and medical supplies inventory items are valued at the lower of cost and replacement costs, with the cost being determined on a first in first out basis

(g) Loans receivable

Loans receivable are valued at the lower of cost or net recoverable value. Valuation allowances recorded to reduce loans receivable are based on all circumstances known at the date these financial statements are prepared, including past events and current conditions. Interest revenue is recorded on an accrual basis when the collectability of both principal and interest are reasonably assured. An uncollectable loan receivable balance can be written off only upon receipt of required statutory approvals.

(h) Non-financial assets

Non-financial assets, including tangible capital assets, inventories for use and prepaid expenses, are accounted for by the Government only if they are expected to be used to provide government services in future years. These assets would not normally be used to provide financial resources to discharge liabilities of the Government unless they were sold. Non-financial assets are amortized or charged to expenses in future periods as they are used to provide or support the provision of government services.

(i) Tangible capital assets

Tangible capital assets are non-financial assets whose useful life exceeds one fiscal year and are intended to be used on an ongoing basis for delivering government services. They may include such diverse items as roads, buildings, vehicles, equipment, water and other utility systems, aircraft, computer hardware and software, dams, canals, and bridges. Tangible capital assets with a cost of less than fifty thousand dollars are fully expensed in the year of acquisition.

Tangible capital assets are recorded at cost, or where actual cost is not available, estimated current replacement cost converted back to the date of purchase by discounting current year dollars for inflation. Gifted and cost shared tangible capital assets are recorded at fair market value upon receipt or cost respectively, with the gifted or cost shared portion recorded as a deferred capital contribution, and recognized as revenue on the same basis as the related asset is amortized.

Leased assets that meet the definition of a tangible capital asset, except that they are held under lease by the Government, are capitalized and reported as such if, in substance, their terms and conditions transfer substantially all of the benefits and risks of ownership to the Government. Legal ownership may not necessarily have been transferred. The lease liability and corresponding asset are recorded based on the present value of payments due over the course of the lease. The present value is based on a specified rate or the Government's borrowing rate at the time the obligation is incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets, when placed in service, are amortized on a straight line basis over their estimated useful life. The assets are amortized based on the following guidelines:

Asset Category	Amortization Period
Land	Not amortized
Buildings	30 years
Leased Buildings	30 years
Infrastructure	30 years
Tank Farms	30 years
Storage Facilities	30 years
Equipment	5 years
Electric Power Plants	20-40 years
Transmission Distribution Systems	20-40 years
Heavy Equipment	5-40 years

Tangible capital assets under construction or development are recorded as work in progress with no amortization taken until the year the asset is placed into service.

Tangible capital assets acquired by right, such as Crown lands, forests, water and mineral resources, are not recorded in the financial statements. The cost of works of art and museum collections consisting mainly of paintings, sculptures, drawings, prints and photographs are charged to expense in the year they are acquired.

(j) Revenues

Unless otherwise stated, all revenues are recognized and reported on an accrual basis in the period in which transactions or events give rise to the revenues. Specific revenue accounting policies are as follows:

Grants from the Government of Canada

The Government receives transfer payments in the form of a grant from the Government of Canada pursuant to the *Federal-Provincial Fiscal Arrangements Act*.

Entitlements under the Formula Financing Agreement (1999 - 2000 to 2003 - 2004) changed as of March 31, 2004. Under the new fiscal framework, the final amount of the grant for any one fiscal year is determined as a proportion of the aggregate amount for the three territories specified in the legislation.

Should any adjustments arise in the future concerning prior years, they will be accounted for in the year in which federal legislation authorizes the adjustment.

Other transfers from the Government of Canada

Other transfers from the Government of Canada are recognized as revenue in the period that the events giving rise to the transfer occur as long as: (i) the transfer is authorized; (ii) the Government has met any eligibility criteria; and (iii) a reasonable estimate of the amount of the transfer can be made. Transfers received before these criteria are met are deferred and included in accounts payable and accrued liabilities until the criteria are met.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes and general revenues

Income tax revenue is recognized on an accrual basis. Taxes, under the *Income Tax Act*, are collected by the Government of Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on the Government of Canada's estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are finalized.

Fuel, tobacco and payroll taxes are levied under the authority of the *Petroleum Products Tax Act*, the *Tobacco Tax Act* and the *Payroll Tax Act*, respectively. Revenues are recognized on an accrual basis based on the statements received from collectors or employers. Adjustments from reassessments are recorded in revenue in the year they are identified.

Property taxes are assessed on a calendar year basis and are recorded on an accrual basis in the fiscal year in which the calendar year ends.

Other taxes are accrued based on information provided by those parties which collect tax on the Government's behalf.

(k) Expenses

Expenses are recorded on an accrual basis.

Grants and contributions made by the Government are recorded as expenses when the following criteria are all met: (i) the grant or contribution has the necessary authorization; (ii) the recipient has met any eligibility criteria; and (iii) a reasonable estimate of the amount of the expense can be made. Grants or contributions paid prior to all three conditions being met are accounted for as prepaid expenses until all conditions are met by the recipient.

(l) Financial instruments

The fair value of short term financial instruments, including accounts payable and accrued liabilities, cash and temporary investments, due from the Government of Canada and revenues receivable approximate their carrying amounts because of their short term to maturity.

The fair value of the Government's long term financial instruments, including long term debt, capital lease obligations, pension liabilities, long term investments and loans receivable, are detailed in the related notes. Where fair value amounts are not detailed, the carrying amounts approximate their fair value.

(m) Projects for the Government of Canada and others

The Government undertakes projects for Canada and others. Where possible, the Government receives accountable advances and any unexpended balances remaining at year end are recorded as liabilities. Recoveries are accrued when expenses, as allowed under the project contracts, exceed advances.

3 ACCOUNTING CHANGES

(a) The Government is the sole shareholder of Qulliq Energy Corporation (QEC), a territorial corporation providing utility services to the Nunavut Territory. In 2006, the operations of QEC were consolidated on a line-by-line basis as part of the government reporting entity on a prospective basis. In 2005 and prior years, QEC was designated as a government business enterprise (GBE) and, as such, was accounted for using the modified equity method. Under this method, the Government reported only its investment in QEC and the corporation's net income (loss). Financial transactions and balances between QEC and other entities in the reporting entity were not eliminated. However, in 2006, it was determined that QEC no longer met all the criteria of a GBE and, as such, it was fully consolidated as at March 31, 2006.

(b) During preparation of the March 31, 2006 consolidated financial statements, an error was made in calculating the adjustment required to account for certain of Nunavut Housing Corporation's tangible capital assets. An amortization adjustment for the affected assets was calculated using a declining balance method as opposed to the straight-line method. This results in an understatement of previously reported amortization expenses and an overstatement in the tangible capital assets balance reported of $6,293. This error has been corrected in these consolidated financial statements by restating the March 31, 2006 balances where appropriate.

(c) The estimated costs of a soil remediation program proposed in 2002 for tank farm sites used by the Government's Petroleum Products Division had not been accounted for in prior period financial statements. This error has been corrected in these financial statements by restating the comparative balances previously reported for the year ended March 31, 2006. The correction resulted in the opening April 1, 2005 accumulated surplus being decreased by $4.8 million, and accounts payable and accrued liabilities as at March 31, 2006 being increased by the same amount.

(d) The previously reported balances on the March 31, 2006 consolidated statement of cash flow for other government revenues and goods and services acquired were overstated by $48,364 due to omitted elimination entries of related party transactions. The net cash balances were not affected. This error has been corrected in this consolidated statement of cash flow by restating the March 31, 2006 previously reported balance of other government revenues from $274,934 to $226,570 and goods and services acquired from $604,740 to $556,376. These changes did not affect other financial statements.

The following summarizes the changes to previously reported balances for the 2006 comparative balances included in these financial statements as a result of the correction of the errors noted in items (b) and (c) above.

	Previously Reported Balances	Change	Restated Balances
Accounts payable and accrued liabilities	$ 241,007	$ 4,800	$ 245,807
Total liabilities	504,565	4,800	509,365
Net financial assets (debt)	(144,180)	(4,800)	(148,980)
Tangible capital assets	1,143,516	6,293	1,149,809
Amortization - tangible capital assets	53,182	(1,340)	51,842
Total non-financial assets	1,157,792	6,293	1,164,085
Expenses - Nunavut Housing Corporation	154,756	(1,340)	153,416
Total expenses	981,194	(1,340)	979,854
Surplus for the year	118,467	1,340	119,807
Accumulated surplus, beginning of the year	895,145	153	895,298
Accumulated surplus, end of the year	1,013,612	1,493	1,015,105

4 CASH AND TEMPORARY INVESTMENTS

	2007 Effective Rate of Return	2007 Term to Maturity	2007 Carrying Value	2006 Carrying Value
Chartered banks			$ 101,302	$ 78,919
Northern Strategy Trust Funds			-	26,867
Designated cash and investments			5,903	4,858
Money market funds	1.5% to 4.37%	76 days	251,679	31,373
			$ 358,884	$ 141,817

Designated cash of $5,903 includes:

$4,802 (2006 - $3,890) invested for the purpose of meeting the obligations of the Supplementary Retiring Allowances Fund of the Legislative Assembly. These amounts cannot be used to discharge other obligations incurred by the Government. The assets in the investment portfolio are managed by a third party. The Statement of Investment Policy establishes the eligible classes of securities, categories of issuers, limits and terms. The market value of the investment portfolio as at March 31, 2007 was $5,747 (2006 - $4,927) with a return of 10.89% (2006 - 14.89%).

$1,101 (2006 - $968) which represents funds reserved for further investments or financing for subsidiary business enterprises and venture investments.

5 LONG TERM INVESTMENTS

	2007 Effective Rate of Return	2007 Term to Maturity	2007 Carrying Value	2006 Carrying Value
Government of Canada (AAA)	Variable	1 to 8 years	$ 1,026	$ 1,031
Trust Company (AAA)	4.48%	1 to 2 years	1,015	1,015
Alberta Capital Finance Authority (AAA)	4.50%	1 to 3 years	2,067	2,067
Province of Manitoba (A high)	4.63%	1 to 4 years	1,201	1,201
Province of New Brunswick (A high)	4.30%	1 to 8 years	1,300	1,300
Province of Ontario (AA)	4.50%	1 to 8 years	2,126	2,126
			$ 8,735	$ 8,740

The average yield of this portfolio in 2007 was 4.36% (2006 - 4.23%). The investment ratings are provided by Dominion Bond Service.

6 REVENUES RECEIVABLE

(a) Due from the Government of Canada

	2007	2006
Canada Mortgage and Housing Corporation	$ 12,517	$ 526
Goods and Services Tax	4,220	4,974
Government of Canada	28,894	63,508
Department of Indian and Northern Affairs	3,160	863
Transport Canada Programs	5,478	1,737
Other receivables	2,052	3,314
	$ 56,321	$ 74,922

(b) Other revenues receivable

From District Education Authorities	$ 243	$ 490
Other accounts receivable of the Petroleum Products Division	13,403	18,667
Other accounts receivable of other departments	30,731	16,874
Other accounts receivable of the Territorial Corporations	32,924	30,962
Less: Allowance for doubtful accounts	(21,902)	(9,056)
	$ 55,399	$ 57,937

7 INVENTORIES

	2007	2006
(a) For resale		
Bulk fuels	$ 51,029	$ 52,479
Liquor products	1,181	618
Raw materials, work-in-progress and finished goods	2,398	2,333
Packaging materials and supplies	247	192
	$ 54,855	$ 55,622
(b) For use		
Fuel	$ 8,339	$ 7,837
Supplies and lubricants	3,629	3,409
Health and medical supplies	877	519
	$ 12,845	$ 11,765

8 LOANS RECEIVABLE

	2007	2006
Mortgage loans from Nunavut Housing Corporation to individuals with a maximum maturity of 25 years, bearing interest between 6.0% and 14.25%, net of valuation allowance of $7,364 (2006 - $7,364).	$ 1,697	$ 2,293
Loans from Nunavut Business Credit Corporation to businesses with a maximum maturity of 25 years, bearing interest between 4.07% and 11.5%, net of valuation allowance of $1,332 (2006 - $1,390).	16,979	16,651
Loans to municipalities due in instalments to 2009, bearing interest between 0% and 8%, net of valuation allowance of $100 (2006 - $100).	1,091	1,267
Student Loan Fund loans due in instalments to 2017, bearing interest between 3.0% and 12.5%, net of allowances for valuation and forgiveness of $3,199 (2006 - $3,006).	1,073	1,033
Other, Qikiqtaq Co-op Mall Mortgage, net of allowance for impaired loan of $240 (2006 - $240).	95	103
	$ 20,935	$ 21,347

The carrying value, at the lower of cost or net recoverable value, is estimated to be the fair value of these loans receivable due to the valuation allowances provided.

9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2007	2006 (Restated Note 3)
Payable to related parties		
District Education Authorities	$ 2,196	$ 1,138
	2,196	1,138
Other		
Accounts payable	77,935	82,229
Other liabilities, payroll deductions, and contractor holdbacks	83,608	76,961
Vacation pay and lieu time	15,761	14,512
Due to the Government of Canada	14,962	21,222
Due to the Government of the Northwest Territories	13,975	13,997
Deferred revenue	48,882	35,748
	255,123	244,669
	$ 257,319	$ 245,807

10 PENSION, RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

(a) Non-Pension

	2007	2006
Severance	$ 9,443	$ 8,707
Removal	9,709	9,308
	$ 19,152	$ 18,015

(b) Pension

i) Public Service Pension Plan

Both the Government and its employees make contributions to the Public Service Pension Plan administered by the Government of Canada. In 2007, the Government's contributions were $28,006 (2006 - $23,694).

The amount of the Government's contributions is set by the Government of Canada and represents the Government's sole obligation under this plan. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the plan.

ii) Legislative Assembly Retiring Allowances Plans

The Government of Nunavut sponsors two defined benefit pension plans for Members of the Legislative Assembly (MLAs). Both plans are administered by the Management and Services Board of the Legislative Assembly. The plans provide pensions based on length of service and final average earnings. They provide inflation protection based on increases in the Consumer Price Index.

The first plan is the Legislative Assembly Retiring Allowances Fund (LARAF), a registered and contributory defined benefit pension plan established under the *Legislative Assembly Retiring Allowances Act*. The Office of the Legislative Assembly operates a separate pension fund in trust to administer LARAF contributions and allowances. The fund came into effect on April 1, 1999.

The second plan is the Supplementary Retiring Allowances Fund (SRAF), a voluntary non-registered, non-contributory defined benefit pension plan established under the *Supplementary Retiring Allowances Act* for MLAs who elect to participate. Payments and expenses related to the SRAF are paid from the Government's consolidated revenue fund. The plan came into effect during the 2001-02 year, and provides for benefits retroactive to April 1, 1999.

There have been no plan amendments, plan settlements and curtailments or temporary deviations from the plans in 2007 (no changes in 2006).

Actuarial valuations were completed for the plans as of April 1, 2004. The valuations were based on a number of assumptions about future events including inflation rates (4.0%), interest rates (7.0%), return on assets (7.0%), increases in remuneration (5.0%), and mortality. The assumptions used reflect the best estimates as determined by the Management and Services Board of the Legislative Assembly. The valuations were performed using the projected unit credit actuarial cost method. The asset valuation method, market-related value, for the LARAF plan is equal to a smoothed market value which spreads the difference between the actual and expected investment income over a four year period. The effective date of the next actuarial valuations for the plans is April 1, 2007.

10 PENSION, RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Retirement benefits are payable to MLAs based on a percentage of the average best earnings over four consecutive years as a MLA and as a Minister, Speaker or Chairperson (if applicable) multiplied by credited service as a MLA and for each of the three positions (if applicable). A position must be held for a least one year, and the pension for each position is calculated separately. The percentages used to calculate retirement benefits are 2% for the LARAF and 3% for the SRAF.

The normal retirement age under both plans is the earliest of (a) age 60, (b) 30 years of service, or (c) age plus service equals 80. A MLA may retire at any time upon ceasing to be a MLA. Early retirement results in a pension reduction of 0.25% for each month a MLA retires before the Normal Retirement Age. The late retirement age for MLAs is up to age 69.

The pension liabilities represent the excess of the actuarial present value of accrued pension benefits over the actuarial value of net assets available for benefits.

MLA pension liabilities as of March 31 are as follows:

	Pension plan LARAF	Pension plan SRAF	2007	2006
Accrued benefit obligation	$ 3,218	$ 4,561	$ 7,779	$ 6,550
Deduct:				
Pension fund assets	3,200	-	3,200	2,421
Unamortized actuarial (gain) loss	(96)	(314)	(410)	(338)
	3,104	(314)	2,790	2,083
Pension liability	$ 114	$ 4,875	$ 4,989	$ 4,467

At March 31, 2007, LARAF pension fund assets had a market value of $3,359 (2006 - $2,598). The actual rate of return was 10.89% (2006 - 15.03%). The SRAF has no pension fund assets; however, the pension liability is to be funded all or in part by designated cash and investments (see Note 4).

LARAF and SRAF actuarial gains/losses are amortized over 6.1 and 5.5 years, respectively (2006 - 6.1 and 5.5 years, respectively), which are the estimated average remaining service lives for contributors to the plans.

10 PENSION, RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

The total expenses related to MLA pensions include the following components :

	LARAF	SRAF	2007	2006
Current period benefit cost	$ 476	$ 686	$ 1,162	$ 1,333
Amortization of actuarial (gains) losses	15	(75)	(60)	(54)
	491	611	1,102	1,279
MLAs contributions	(147)	-	(147)	(146)
Pension expense	344	611	955	1,133
Interest cost on the average accrued benefit obligation	212	313	525	444
Expected return on the average pension plan assets	(192)	-	(192)	(147)
Pension interest expense	20	313	333	297
Total expenses related to pensions	$ 364	$ 924	$ 1,288	$ 1,430

Pension benefits paid for the LARAF and SRAF were $40 and $417, respectively (2006 - $53 and $392, respectively).

The Government's contributions related to the LARAF and SRAF during the year were $349 and $686 respectively, (2006 - $349 and $641, respectively).

11 LONG TERM DEBT AND BORROWING AUTHORITY LIMIT

Loans and mortgages payable	2007	2006
Loans payable to Canada Mortgage and Housing Corporation, repayable in annual instalments of $5,142 to the year 2032, bearing interest at a rate of 6.97% (2006 - 6.97%).	$ 47,206	$ 48,882
Mortgage payable in annual instalments of $555 to the year 2020, bearing interest at a rate of 6.803% (2006 - 6.803%) compounded semi-annually.	4,904	5,117
Redeemable 20 year amortizing debenture, bearing interest at 6.809% (2006 - 6.809%) due September 27, 2021. Blended semi-annual payments of $2,848 with a balloon payment of $17,502 at the end of the term.	57,752	59,432
Non-revolving floating rate term loan facility with payments of $58 due monthly beginning on April 30, 2007 with the final payment due March 30, 2017. Interest is at bank prime of 6.0% in 2007.	7,000	-
Floating rate capital loan facility due September 30, 2007. Interest is at bank prime of 6.0% (2006 - 4.50%).	667	1,000
	$ 117,529	$ 114,431

11 LONG TERM DEBT AND BORROWING AUTHORITY LIMIT (continued)

Principal and interest amounts due in each of the next five fiscal years and thereafter are as follows:

	Principal	Interest	Total
2008	$ 5,183	$ 7,977	$ 13,160
2009	4,779	7,671	12,450
2010	5,066	7,343	12,409
2011	5,373	6,993	12,366
2012	5,699	6,626	12,325
2013 and beyond	91,429	44,973	136,402
	$ 117,529	$ 81,583	$ 199,112

Interest expense on long term debt was $7,674 for the year (2006 - $8,322). The interest paid on long term debt during the year was $7,684 (2006 - $8,326).

Borrowing Authority

The Governor in Council, pursuant to subsection 27(2) of the *Nunavut Act*, has approved Government borrowing up to $200 million.

	2007	2006
Qulliq Energy Corporation, long term debt	$ 65,419	$ 60,432
Nunavut Housing Corporation, long term debt	47,206	48,882
Qulliq Energy Corporation, bank overdraft liability	2,716	6,968
Government of Nunavut, mortgage payable	4,904	5,117
Nunavut Development Corporation, subsidiary credit facilities	190	125
Total debt	120,435	121,524
Authorized borrowing limit	200,000	200,000
Available borrowing capacity	$ 79,565	$ 78,476

The Government of Nunavut guarantees the long term debt of Qulliq Energy Corporation and Nunavut Housing Corporation as well as the bank overdrafts of Qulliq Energy Corporation and Nunavut Development Corporation.

As part of their financing, Nunavut Development Corporation subsidiaries have arranged various credit facilities at different terms and interest rates. Nunavut Development Corporation has provided a guarantee for these credit facilities.

12 EXPENSES BY TYPE

	2007	2006 (Restated Note 3)
Grants and contributions	$ 284,471	$ 170,426
Salaries and employee benefits	345,865	322,596
Goods and services	402,512	486,832
	$ 1,032,848	$ 979,854

13 CAPITAL LEASE OBLIGATIONS

Capital lease obligations are based upon the minimum lease payments for leases in effect as of March 31.

	2007	2006
Total minimum lease payments	$ 192,323	$ 204,229
Less: imputed interest	(60,350)	(67,224)
Less: executory costs	(9,116)	(10,360)
Present value of minimum lease payments	$ 122,857	$ 126,645

Future minimum lease payments for each of the next 5 years and thereafter are:

2008	$ 16,857
2009	16,918
2010	16,980
2011	17,043
2012	17,109
2013 and beyond	107,416
	$ 192,323

Lease payments are allocated between repayments of the liability, interest expense and any related executory costs. The total minimum lease payments less the initial liability and executory costs represents the total interest cost of the lease. The interest expense is calculated using the same discount rate used in computing the present value of the minimum lease payments applied to the outstanding lease liability at the beginning of the lease payment period.

Interest expense related to capital lease obligations for the year was $9,132 (2006 - $9,317) at an implied average interest rate of 7.2% (2006 - 7.2%). The capital lease obligations expire between 2013 and 2025.

14 COMMITMENTS

The Government has entered into agreements for, or is contractually committed to, the following payments subsequent to March 31, 2007:

	Year of Expiration	Total
Canada Mortgage and Housing Corporation	2038	$ 297,986
Commitments under operating leases	2023	261,944
Capital commitments	2011	90,957
Policing agreement	2012	113,123
Other commitments	2013	36,760
		$ 800,770

14 COMMITMENTS (continued)

Commitments by fiscal year are as follows:

2008	$	152,803
2009		114,755
2010		86,708
2011		69,127
2012		154,376
2013 and beyond		223,001
	$	800,770

In accordance with a Declaration of Trust Agreement, the Canada Mortgage and Housing Corporation (CMHC) transferred its ownership interest in territorial rental and loan portfolios to the Northwest Territories Housing Corporation as trustee. The Northwest Territories Housing Corporation in turn transferred this interest to the Nunavut Housing Corporation (NHC). The NHC assumed full responsibility and liability for the social housing programs related to the portfolio and receives annual funding from CMHC to manage these programs. The agreement and funding will expire in 2038.

A portion of this funding is used to make payments on portfolio-related CMHC mortgages of $112,814 maturing between 2007 and 2037, plus interest of $185,171 at interest rates ranging from 4.5% to 19.75%. As the related mortgages mature, the Corporation obtains clear title to CMHC's share of the book value of the respective assets. Until clear title is obtained, CMHC is entitled to its respective share of any gains on the disposal of any portfolio assets.

The portfolio mortgages, held in trust, are recorded only as a commitment in these financial statements. Additionally, since CMHC retains the annual mortgage-related funding responsibility to make the mortgage payments, neither the funding nor the mortgage payments are recorded by the Government.

15 CONTINGENCIES

(a) Post-division adjustments

The agreement governing the division of assets and liabilities between the Government of Nunavut and the Government of the Northwest Territories as at April 1, 1999 sets out a mechanism which provides for post-division adjustments.

The period for such adjustments is unlimited; and such adjustments could be made in a variety of specified circumstances such as the settlement of litigation related to events prior to the date of division. In such an event, there is an opportunity for one of the governments to file a claim against the other government to share in costs. Post-division adjustments will be recognized in the year the liability can be reasonably estimated.

(b) Environmental restoration costs

The Government recognizes that there are costs related to the restoration of any contaminated sites situated on lands within the Territory. A liability will be accrued in the financial statements when it has been determined that the Government is liable for a site that is contaminated and where a reasonable estimate of the remediation costs can be made.

15 CONTINGENCIES (continued)

As of March 31, 2007, the Government has accrued $600 (2006 - $600) for soil restoration at Port Burwell, Kiliniq Island, $500 (2006 - $500) for soil restoration at Cape Warwick, Resolution Island and $500 (2006 - nil) for remediation and restoration at Cape Christian. Any future liabilities for other sites will be recorded when identified and cost estimates of sufficient accuracy are obtained, and if it is determined that the Government is liable.

In 1998 the then Government of the Northwest Territories retained a contractor to undertake Phase III Environmental Site Assessments (ESAs) on all eastern arctic tank farm sites directly under the administrative and operational control of the Petroleum Products Division. This contract transferred to the Government of Nunavut in April 1999 and the ESAs were completed on 24 Nunavut tank farm sites. A soil remediation program was proposed in a report dated January 8, 2002. The estimated costs of $4.8 million to remediate the affected sites has been accrued in these financial statements (see Note 3).

The Government will continue with its program of site inspection, assessment and remediation on an ongoing basis. To facilitate this, the Government has established a committee to ensure all existing and potential liabilities are identified and appropriate actions initiated. This is an ongoing process which should show continuous improvement each year as the Government continues to work in a practical manner towards the determination and appropriate recognition of its environmental liabilities within the Territory.

(c) Litigation

More individuals have come forward alleging abuse by a former school teacher in the Territory when it was part of the Northwest Territories. Pursuant to agreements negotiated prior to the division of the territories, the Nunavut and Northwest Territories governments will jointly defend the action. The costs of defending the action and any damages that may eventually be awarded will be shared by the two governments 44.34% and 55.66% respectively. An estimate of the Government's share of the loss that may result from these suits has been accrued; however, the final outcome may vary significantly from this estimate.

A number of new cases of alleged sexual abuse by former employees or contractors in Nunavut when it was part of the Northwest Territories have been filed, or are pending, in addition to the case disclosed above. The Nunavut and Northwest Territories governments will jointly defend any such proceedings and the cost of defending the actions and any damages that may eventually be awarded will be shared by the two governments 44.34% and 55.66% respectively. An estimate of any liability that may result from these actions is not determinable at this time; consequently no liability has been accrued.

There are 24 claims and threatened litigation cases outstanding against the Government for which the outcomes are not determinable, including a number of cases where an amount is not specified. The nature of these claims include wrongful dismissal, breach of policy, personal injury, sexual abuse, medical negligence, wrongful arrest and assault. As of March 31, 2007, all of these claims have been assessed as being either without merit or not determinable at this time.

(d) Other

Under the terms of the Social Housing Agreement with Canadian Mortgage and Housing Corporation (CMHC), Nunavut Housing Corporation (NHC) is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that NHC shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The value of these third party loans is approximately $3,639 as at March 31, 2007 (2006 - $3,813).

16 PROJECTS FOR THE GOVERNMENT OF CANADA AND OTHERS

The Government administers various projects on behalf of the Government of Canada and others. The agreements for these projects provide funding for all costs incurred. The following is a summary of the various project related revenues and expenses during the year.

		2007	2006
Revenues			
	From the Government of Canada	$ 42,115	$ 32,617
	From others	2,778	3,142
	Total revenues	$ 44,893	$ 35,759
Expenses			
	Compensation and benefits	$ 10,927	$ 10,656
	Grants and contributions	10,747	7,637
	Amortization of deferred capital contributions	1,610	1,530
	Other expenses	21,609	15,936
	Total expenses	$ 44,893	$ 35,759

17 TRUSTS UNDER ADMINISTRATION

The Government administers trust accounts on behalf of third parties, which are not included in the reported Government assets and liabilities.

	2007	2006
Public Trustee	$ 3,508	$ 3,153
Victims' Assistance Trust	296	219
Natural Resources Conservation Trust	258	248
Millennium Scholarship Fund	27	13
Scholarship Fund	39	37
Territorial Court Trust	48	36
Maintenance Enforcement Trust	26	16
Young Offenders Welfare Trust	46	6
Baffin Correctional Centre Welfare Trust	21	26
Baffin Correctional Centre Inmate Trust	10	9
Young Offenders Trust	9	2
Sheriff's Imprest Account	7	16
Nunavut Labour Standards Board Trust	-	7
HSS - Akausisarvik	8	10
HSS - Ikpigusukniqmut Foundation	40	35
	$ 4,343	$ 3,833

18 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the current year's presentation.

Consolidated Schedule of Revenues by Source

for the year ended March 31, 2007
(thousands of dollars)

	2007	2006
From the Government of Canada		
Territorial formula financing agreement	$ 844,031	$ 809,930
Other transfer payments	325,552	171,173
	1,169,583	981,103
Revenues generated by the Government of Nunavut		
Taxes	39,361	43,611
General	65,966	60,360
Sales		
Petroleum Products Revolving Fund - net of cost of goods sold of $125,472 (2006 - $114,028)	10,395	12,062
Liquor Revolving Fund - net of cost of goods sold of $2,419 (2006 - $1,921)	2,290	2,525
	118,012	118,558
Total revenues	$ 1,287,595	$ 1,099,661

GOVERNMENT OF NUNAVUT

SCHEDULE B

Consolidated Schedule of Tangible Capital Assets

as at March 31, 2007

(thousands of dollars)

	Buildings	Leased Buildings	Storage	Tank Farms	Equip-ment	Heavy Equip-ment	Electric Power Plants	Transmission Distribution Systems	Infra-structure	Land	2007	2006 (Restated Note 3)
Cost of tangible capital assets												
Opening balance	$ 786,592	$154,975	$40,019	$108,859	$34,478	$ 675	$136,172	$ 23,468	$ 124,281	$ 400	$ 1,409,919	$ 1,211,942
Adjustment for QEC opening balance	-	-	-	-	-	-	-	-	-	-	-	155,761
Additions	723	1,718	-	200	17,118	501	1,430	1,440	960	67	24,157	32,009
Transfer from work in progress	22,503	-	-	-	19	-	4,696	-	4,804	-	32,022	13,074
Disposals	(2,392)	-	-	-	-	-	-	-	-	(19)	(2,411)	(2,867)
Closing balance	807,426	156,693	40,019	109,059	51,615	1,176	142,298	24,908	130,045	448	1,463,687	1,409,919
Accumulated amortization												
Opening balance	(257,374)	(31,176)	(12,603)	(23,675)	(25,517)	(515)	(42,193)	(10,926)	(25,971)	-	(429,950)	(323,553)
Adjustment for QEC opening balance	-	-	-	-	-	-	-	-	-	-	-	(55,069)
Amortization	(27,759)	(5,238)	(1,390)	(4,073)	(6,764)	(45)	(4,902)	(755)	(4,737)	-	(55,663)	(51,842)
Disposals	412	-	-	-	-	-	-	-	-	-	412	514
Closing balance	(284,721)	(36,414)	(13,993)	(27,748)	(32,281)	(560)	(47,095)	(11,681)	(30,708)	-	(485,201)	(429,950)
Work in progress												
Opening balance	117,090	-	777	16,142	1,402	-	7,346	-	27,083	-	169,840	119,159
Adjustment for QEC opening balance	-	-	-	-	-	-	-	-	-	-	-	14,838
Additions	81,432	-	-	3,776	437	-	-	-	16,210	-	101,855	48,917
Transfer to tangible capital assets	(22,503)	-	-	-	(19)	-	(4,696)	-	(4,804)	-	(32,022)	(13,074)
Closing balance	176,019	-	777	19,918	1,820	-	2,650	-	38,489	-	239,673	169,840
Net book value	$ 698,724	$120,279	$26,803	$101,229	$21,154	$ 616	$ 97,853	$ 13,227	$ 137,826	$ 448	$ 1,218,159	$ 1,149,809
Estimated useful life	30 years	30 years	30 years	30 years	5 years	5-40 years	20-40 years	20-40 years	30 years			

SECTION II

NON-CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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GOVERNMENT OF NUNAVUT

Non-Consolidated Statement of Financial Position (unaudited)
as at March 31, 2007
(thousands of dollars)

	2007	2006 (Restated Note 3)
Liabilities		
Accounts payable and accrued liabilities (Note 9)	$ 295,992	$ 200,869
Employee future benefits (Note 10)	16,793	16,418
Capital lease obligations (Note 11)	93,465	94,866
Mortgage payable (Note 12)	4,904	5,117
Pension liabilities (Note 13)	4,989	4,467
Total liabilities	416,143	321,737
Financial assets		
Cash and temporary investments (Note 4)	316,961	103,496
Due from the Government of Canada (Note 5)	43,209	74,269
Revenues receivable (Note 6)	64,565	58,831
Inventories for resale (Note 7(a))	52,210	53,097
Loans receivable (Note 8)	21,120	20,264
Total financial assets	498,065	309,957
Net financial assets (debt)	81,922	(11,780)
Non-financial assets		
Tangible capital assets (Schedule C)	877,001	826,232
Prepaid expenses	2,159	1,885
Inventories for use (Note 7(b))	877	519
Total non-financial assets	880,037	828,636
Accumulated surplus	$ 961,959	$ 816,856

Commitments (Note 15)
Contingencies (Note 16)

The accompanying notes and schedules are an integral part of the non-consolidated financial statements

GOVERNMENT OF NUNAVUT

Non-Consolidated Statement of Operations and Accumulated Surplus (unaudited)
for the year ended March 31, 2007
(thousands of dollars)

	Main Estimates (Note 21)	2007 Actual	2006 Actual (Restated Note 3)
Revenues (Schedule A)			
From the Government of Canada	$ 943,800	$ 1,134,022	$ 945,697
Tax revenues generated by the Government of Nunavut	38,700	39,361	43,611
Other revenues generated by the Government of Nunavut	45,844	48,500	43,749
Recoveries of prior years expenditures	5,000	3,586	9,547
Total revenues	1,033,344	1,225,469	1,042,604
Expenses (Schedule B)			
Operations and maintenance before amortization	890,326	926,119	864,571
Amortization of tangible capital assets	-	31,529	30,499
Total operations and maintenance	890,326	957,648	895,070
Total capital expenditures in the year	107,598	201,209	85,426
Capital expenditures transferred to tangible capital assets	-	(78,491)	(47,006)
Capital expenditures expensed in the year	107,598	122,718	38,420
Total expenses	997,924	1,080,366	933,490
Excess of revenues over expenses	35,420	145,103	109,114
Projects for the Government of Canada and others (Note 20)			
Vote 5 revenues	36,933	44,893	35,759
Vote 4 expenses	(36,933)	(44,893)	(35,759)
Surplus for the year	$ 35,420	145,103	109,114
Accumulated surplus, beginning of the year		816,856	707,742
Accumulated surplus, end of the year		$ 961,959	$ 816,856

The accompanying notes and schedules are an integral part of the non-consolidated financial statements.

GOVERNMENT OF NUNAVUT

Non-Consolidated Statement of Change in Net Financial Assets (Debt) (unaudited)
as at March 31, 2007
(thousands of dollars)

	2007	2006 (Restated Note 3)
Surplus for the year	$ 145,103	$ 109,114
Tangible capital assets (Schedule C)		
Additions	(83,909)	(53,922)
Amortization	33,140	32,029
	(50,769)	(21,893)
Net use (additions) of prepaid expenses	(274)	636
Net use (additions) of inventories for use	(358)	(519)
	(632)	117
Change in net financial assets	93,702	87,338
Net financial assets (debt), beginning of year	(11,780)	(99,118)
Net financial assets (debt), end of year	$ 81,922	$ (11,780)

The accompanying notes and schedules are an integral part of the non-consolidated financial statements

GOVERNMENT OF NUNAVUT

Non-Consolidated Statement of Cash Flow (unaudited)
for the year ended March 31, 2007
(thousands of dollars)

	2007	2006
Cash provided by (used for) government operations:		
Transfers from the Government of Canada	$ 1,213,441	$ 997,065
Taxes	37,394	42,415
Other government revenues	175,402	205,322
Interest on capital leases and mortgage	(9,718)	(6,875)
Salaries and employee benefits	(311,428)	(293,824)
Grants and contributions	(282,010)	(242,121)
Goods and services acquired	(522,956)	(530,213)
Cash provided by (used for) government operations	300,125	171,769
Cash provided by (used for) capital activities:		
Acquisition of tangible capital assets, net of long term debt assumed	(83,909)	(53,922)
Cash provided by (used for) capital activities	(83,909)	(53,922)
Cash provided by (used for) investing activities:		
Loans to municipalities, businesses and individuals	(1,391)	(6,064)
Loan repayments received by the Government	254	111
Cash provided by (used for) investing activities	(1,137)	(5,953)
Cash provided by (used for) financing activities:		
Principal payments of capital lease financing	(1,401)	(4,030)
Principal payments of mortgage payable	(213)	(198)
Cash provided by (used for) financing activities	(1,614)	(4,228)
Increase (decrease) in cash and temporary investments	213,465	107,666
Cash and temporary investments, beginning of the year	103,496	(4,170)
Cash and temporary investments, end of the year	$ 316,961	$ 103,496

The accompanying notes and schedules are an integral part of the non-consolidated financial statements

1. AUTHORITY AND OPERATIONS

(a) Government of Nunavut

The Government of Nunavut (the Government) operates under the authority of the *Nunavut Act*. The Government has an elected legislative assembly which authorizes all disbursements, advances, loans and investments, except those specifically authorized by statute.

(b) Main Estimates

The Main Estimates are those tabled before the Legislative Assembly during the February 2006 session and represent the Government's original fiscal plan for the year. The tabled Main Estimates have been modified to reflect the actual expenditures of the revolving funds that have non lapsing appropriations (Note 21). The Revised Estimates are these original Main Estimates adjusted to reflect Supplementary Appropriations and/or Transfers.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial statements

With the exception that they are not consolidated, these non-consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Pursuant to Section 74 of the *Financial Administration Act*, the Government also prepares consolidated financial statements which provide an accounting of the full nature and extent of the financial affairs and resources for which the Government is responsible. The consolidated reporting entity is defined in those statements.

(b) Reporting entity

These financial statements include the assets, liabilities and operating results of the Government and the following revolving funds:

Fur Marketing Service Revolving Fund
Liquor Revolving Fund
Petroleum Products Revolving Fund
Student Loan Revolving Fund
Public Stores Revolving Fund

Revolving funds are established by the Government to provide the required working capital to deliver goods and services to the general public and to Government departments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The following related Government agencies are included in these statements only to the extent of the Government's contributions to them:

Nunavut Arctic College
Nunavut Business Credit Corporation
Nunavut Development Corporation
Nunavut Housing Corporation
Qulliq Energy Corporation
District Education Authorities

(c) Use of estimates and measurement uncertainty

The preparation of financial statements in accordance with GAAP requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates and assumptions are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these financial statements, the Government believes the estimates and assumptions to be reasonable. The more significant areas where estimates and assumptions have been used to prepare these financial statements include:

(i) Income tax revenue (collected by the Government of Canada on the Government's behalf) and grant revenues from the Government of Canada in areas such as the Canada Health Transfer and Canada Social Transfer. These revenues and grants are subject to revision by the Government of Canada in future years; and

(ii) Allowance for doubtful accounts, loan valuation allowances, provision for losses on loan guarantees, amortization of tangible capital assets and employee future benefits.

(d) Cash, cash equivalents, designated cash and investments

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short-term highly liquid investments that are readily convertible to cash.

Temporary investments are valued at the lower of cost or market value. Long term investments are valued at cost with premiums and discounts amortized over the period to maturity.

Interest income is recognized on an accrual basis, dividend income is recognized when declared, and capital gains and losses are recognized as incurred. Unrealized losses in designated cash and in long term investments are recognized when it is determined that there is a permanent impairment in the value of the investments and are included as a component of investment income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Inventories

Inventories for resale include bulk fuel and liquor products. Bulk fuel inventory is valued at the lower of weighted average cost and net realizable value. Liquor products inventory is valued at the lower of cost and replacement cost. Inventory for use includes health and medical supplies valued at the lower of cost and replacement cost, with the cost being determined on a first in first out basis.

(f) Loans receivable

Loans receivable are valued at the lower of cost or net recoverable value. Valuation allowances recorded to reduce loans receivable are based on all circumstances known at the date these financial statements are prepared, including past events and current conditions. Interest revenue is recorded on an accrual basis when the collectability of both principal and interest are reasonably assured. An uncollectable loan receivable balance can be written off only upon receipt of required statutory approvals.

(g) Non-financial assets

Non-financial assets, including tangible capital assets, inventories for use and prepaid expenses, are accounted for by the Government only if they are expected to be used to provide government services in future years. These assets would not normally be used to provide financial resources to discharge liabilities of the Government unless they were sold. Non-financial assets are amortized or charged to expenses in future periods as they are used to provide or support the provision of government services.

(h) Tangible capital assets

Tangible capital assets are non-financial assets whose useful life exceeds one fiscal year and are intended to be used on an ongoing basis for delivering government services. They may include such diverse items as roads, buildings, vehicles, equipment, water and other utility systems, aircraft, computer hardware and software, dams, canals, and bridges. Tangible capital assets with a cost of less than fifty thousand dollars are fully expensed in the year of acquisition.

Tangible capital assets are recorded at cost, or where actual cost is not available, estimated current replacement cost converted back to the date of purchase by discounting current year dollars for inflation. Gifted and cost shared tangible capital assets are recorded at fair market value upon receipt or cost respectively, with the gifted or cost shared portion recorded as deferred capital contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized.

Leased assets that meet the definition of a tangible capital asset, except that they are held under lease by the Government, are capitalized and reported as such if, in substance, their terms and conditions transfer substantially all of the benefits and risks of ownership to the Government. Legal ownership may not necessarily have been transferred. The lease liability and corresponding asset are recorded based on the present value of payments due over the course of the lease. The present value is based on a specified rate or the Government's borrowing rate at the time the obligation is incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets, when placed in service, are amortized on a straight line basis over their estimated useful life based on the following guidelines:

Asset Category	Amortization Period
Land	Not amortized
Buildings	30 years
Leased Buildings	30 years
Infrastructure	30 years
Tank Farms	30 years
Storage Facilities	30 years
Equipment	5 years

Tangible capital assets under construction or development are recorded as work in progress with no amortization taken until the year the asset is placed into service.

Tangible capital assets acquired by right, such as Crown lands, forests, water and mineral resources, are not recorded in the financial statements. The cost of works of art and museum collections consisting mainly of paintings, sculptures, drawings, prints and photographs are charged to expense in the year they are acquired.

(i) Obligations under leases

The Government classifies leases for buildings and equipment as either capital or operating leases, as appropriate.

Capital leases

Those leases which transfer substantially all the benefits and risks of ownership of property to the Government are accounted for as both a tangible capital asset and a related capital lease obligation. Both are initially recorded at the present value of the minimum lease payments, effective at the beginning of the lease.

Operating leases

Operating leases are those leases where substantially all the benefits and risks of ownership are not transferred to the Government. Lease payments under operating leases are expensed in the year they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Pension and non-pension employee future benefits

Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government contributes at a rate of 2.14 times (2006 - 2.14 times) the employee's contribution. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the plan.

The costs and obligations for the Government's pension benefits to Members of the Legislative Assembly are determined on an actuarial basis. This is done to determine the current value of future entitlements and uses various estimates. When actual experience varies from estimates, the adjustments needed are amortized over the estimated average remaining service lives of the contributors.

Non-pension benefits

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, severance and removal costs based on years of service. These benefits are paid upon resignation, retirement or death of the employee. The estimated liability and related expenses for these benefits are recorded as employees earn them. Termination benefits are recorded when employees are identified for lay-off. The cost of these benefits has been determined based on management's best estimates using expected compensation levels and employee leave credits.

(k) Revenues

Unless otherwise stated, all revenues are reported on an accrual basis in the period in which transactions or events give rise to the revenues. Specific revenue accounting policies are as follows:

Grants from the Government of Canada

The Government receives transfer payments in the form of a grant from the Government of Canada pursuant to the *Federal-Provincial Fiscal Arrangements Act*.

Entitlements under the Formula Financing Agreement (1999-2000 to 2003-2004) changed as of March 31, 2004. Under the new fiscal framework, the final amount of the grant for any one fiscal year is determined as a proportion of the aggregate amount for the three territories specified in the legislation.

Should any adjustments arise in the future concerning prior years, they will be accounted for in the year in which federal legislation authorizes the adjustment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Other transfers from the Government of Canada

Other transfers from the Government of Canada are recognized as revenue in the period that the events giving rise to the transfer occur as long as: (i) the transfer is authorized; (ii) the Government has met eligibility criteria, if any; and (iii) a reasonable estimate of the amount of the transfer can be made.

Government transfers received before these criteria are met are deferred and included in accounts payable and accrued liabilities until the criteria are met.

Taxes and general revenues

Income tax revenue is recognized on an accrual basis. Taxes, under the *Income Tax Act*, are collected by the Government of Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on the Government of Canada's Department of Finance estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are finalized.

Fuel, tobacco and payroll taxes are levied under the authority of the *Petroleum Products Tax Act*, the *Tobacco Tax Act* and the *Payroll Tax Act* respectively. Revenues are recognized on an accrual basis based on the statements received from collectors or employers. Adjustments from reassessments are recorded in revenue in the year they are identified.

Property taxes are assessed on a calendar year basis and are recorded on an accrual basis in the fiscal year.

Other taxes are accrued based on information provided by those parties which collect tax on the Government's behalf.

(l) Expenses

Expenses are recorded on an accrual basis.

Grants and contributions are recorded as expenses when the following criteria are all met: (i) the grant or contribution has the necessary authorization; (ii) the recipient has met eligibility criteria, if any; and (iii) a reasonable estimate of the transfer can be made.

Grants or contributions paid prior to all three conditions being met are accounted for as prepaid expenses until all conditions are met.

(m) Recoveries of prior years expenditures

Recoveries of prior years expenditures and reversals of prior years expenditure accruals are reported separately from other revenues on the statement of operations. Pursuant to the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenditures.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Commitments and contingencies

The nature of the Government's activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual commitments pertain to block funding agreements with municipalities, operating commercial leases, capital projects, and operational funding commitments. Commitments are not accrued.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed. Contingent liabilities result from potential environmental contingencies or pending litigation and like items.

(o) Financial instruments

The fair market value of the Government's short term financial instruments, including accounts payable and accrued liabilities, cash and investments, due from the Government of Canada and revenues receivable approximate their carrying values because of their short term to maturity.

The fair value of the Government's long term financial instruments, including debt, capital lease obligations, designated cash and investments, investments and loans receivable are detailed in the related notes. Where fair value amounts are not detailed, the carrying amounts approximate their fair value.

(p) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. An environmental liability is accrued and an expense recorded based on management's best estimates at the time the contamination occurs or when the Government becomes aware of the contamination and is obligated or is likely obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements (Note 16 (c)). Accrued environmental liabilities are reported as part of accounts payable and accrued liabilities.

(q) Projects for the Government of Canada and others

The Government undertakes projects for Canada and others. Where possible, the Government receives accountable advances and any unexpended balances remaining at year end are recorded as liabilities. Recoveries are accrued when expenses, as allowed under the project contracts, exceed advances.

3. PRIOR YEAR RESTATEMENTS

The estimated costs of a soil remediation program proposed in 2002 for tank farm sites used by the Government's Petroleum Products Division had not been accounted for in prior period financial statements. This error has been corrected in these financial statements by restating the comparative balances previously reported for the year ended March 31, 2006. The correction resulted in the opening April 1, 2005 accumulated surplus being decreased by $4.8 million, and accounts payable and accrued liabilities as at March 31, 2006 being increased by the same amount.

The following summarizes the changes to previously reported balances for the 2006 comparative balances included in these financial statements.

	Previously Reported Balances	Change	Restated Balances
Accounts payable and accrued liabilities	$ 196,069	$ 4,800	$ 200,869
Total liabilities	316,937	4,800	321,737
Net financial assets (debt)	(6,980)	(4,800)	(11,780)
Accumulated surplus, beginning of the year	712,542	(4,800)	707,742
Accumulated surplus, end of the year	821,656	(4,800)	816,856

4. CASH AND TEMPORARY INVESTMENTS

The balance of $316,961 (2006 - $103,496) is comprised of designated cash and investments and cash balances the Government has with the following chartered banks:

	2007	2006
Cash on hand	$ 5,483	$ -
Royal Bank of Canada	71,124	54,949
Canadian Imperial Bank of Commerce	18,610	17,990
Northern Strategy Trust Fund	-	26,667
Treasury investments	216,942	-
Designated cash and investments	4,802	3,890
	$ 316,961	$ 103,496

The designated cash and investments amount is designated for the purpose of meeting the obligations of the Legislative Assembly Supplementary Retiring Allowances Fund. These amounts cannot be used to discharge other obligations incurred by the Government. The assets in the investment portfolio are managed by a third party. The Statement of Investment Policy establishes the eligible classes of securities, categories of issuers, limits and terms. The market value of the investment portfolio at March 31, 2007 was $5,747 (2006 - $4,927) with a return of 10.89% (2006 - 14.89%).

5. DUE FROM THE GOVERNMENT OF CANADA

	2007	2006
Grant receivable:		
From the Government of Canada (Schedule A)	$ 844,031	$ 809,930
Less: Payments received	(844,027)	(826,056)
	4	(16,126)
Balance of grant receivable, beginning of the year	(4)	16,122
Balance of grant receivable, end of the year	-	(4)
Other receivables:		
Other receivables from the Government of Canada	43,209	74,273
	$ 43,209	$ 74,269

The amounts due from the Government of Canada are non-interest bearing. The carrying amounts approximate fair market value because of the short term to maturity.

6. REVENUES RECEIVABLE

	2007	2006
Receivable by funds		
General Fund	$ 49,857	$ 38,004
Petroleum Products Revolving Fund	23,546	28,438
Liquor Revolving Fund	31	26
Public Stores Revolving Fund	23	22
Fur Marketing Service Revolving Fund	574	427
	74,031	66,917
Less: Allowance for doubtful accounts	(9,466)	(8,086)
	$ 64,565	$ 58,831
Receivable by relation with the creditors		
Nunavut Arctic College	$ 4,550	$ 8,972
District Education Authorities	243	490
Nunavut Business Credit Corporation	224	143
Nunavut Development Corporation	58	29
Nunavut Housing Corporation	11,169	7,222
Qulliq Energy Corporation	13,653	14,519
Receivable from related parties	29,897	31,375
Other accounts receivable	44,134	35,542
	74,031	66,917
Less: Allowance for doubtful accounts	(9,466)	(8,086)
	$ 64,565	$ 58,831

7. INVENTORIES

	2007	2006
(a) For resale		
Bulk fuels	$ 51,029	$ 52,479
Liquor products	1,181	618
	$ 52,210	$ 53,097
(b) For use		
Health and medical supplies	$ 877	$ 519

Write-down of obsolete liquor inventory for 2007 was $29 (2006 - nil), and the write-down for fuel for 2007 was $1,060 (2006 - $1,189).

8. LOANS RECEIVABLE

	2007	2006
Working Capital advances to the Nunavut Business Credit Corporation. The term is indeterminate with the option to repay any portion of the principal on any interest payment date. Interest is calculated at selected Government of Canada three year bond rates ranging between 3.87% and 4.50% (2006 - 3.00% and 4.07%) at the end of the month, compounded annually.	$ 18,864	$ 17,861
Student Loan Fund loans due in instalments to 2017, bearing interest between 3.0% and 12.5%, net of the doubtful accounts and valuation allowances of $3,199 (2006 - $3,006).	1,073	1,033
Loans to municipalities due in instalments to 2009, bearing interest between 0.0% and 8.0%, net of valuation allowance of $100 (2006 - $100).	1,088	1,267
Other, including Qikiqtaq Co op Mall Mortgage, net of valuation allowance of $240 (2006 - $240).	95	103
	$ 21,120	$ 20,264

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2007	2006 (Restated Note 3)
Accounts payable to related parties		
Nunavut Arctic College	$ 3,107	$ 1,988
District Education Authorities	2,196	1,138
Nunavut Business Credit Corporation	90	45
Nunavut Development Corporation	138	113
Nunavut Housing Corporation	82,081	305
Qulliq Energy Corporation	4,344	4,058
	91,956	7,647
Other		
Accounts payable	51,341	58,675
Due to the Government of Canada	14,103	20,347
Due to the Government of the Northwest Territories	13,975	13,997
Accrued liabilities, payroll deductions, and contractor holdbacks	62,974	51,897
Vacation pay and lieu time	13,751	12,902
Deferred revenue	47,892	35,404
	204,036	193,222
	$ 295,992	$ 200,869

10. EMPLOYEE FUTURE BENEFITS

	2007	2006
Removal	$ 8,841	$ 8,659
Severance	7,952	7,759
	$ 16,793	$ 16,418

11. CAPITAL LEASE OBLIGATIONS

Capital lease obligations are based upon contractual minimum lease payments for the leases in effect as of March 31, 2007.

	2007	2006
Total minimum lease payments	$ 141,662	$ 147,357
Imputed interest	(48,197)	(52,491)
Present value of minimum lease payments (initial liability)	$ 93,465	$ 94,866

11. CAPITAL LEASE OBLIGATIONS (continued)

Future minimum lease payments consist of:	2008	$ 10,645
	2009	10,706
	2010	10,768
	2011	10,831
	2012	10,897
	2013 and beyond	87,815
		$ 141,662

Lease payments are allocated between repayment of the liability and interest expense. The total minimum lease payments less the initial liability represents the total interest cost of the lease. The interest expense is calculated using the same discount rate used in computing the present value of the minimum lease payments applied to the outstanding lease liability at the beginning of the lease payment period.

Interest expense related to capital lease obligations for the year was $6,549 (2006 - $6,639) at an implied average interest rate of 6.7% (2006 - 6.7%). The capital lease obligations expire between 2020 and 2023.

12. MORTGAGE PAYABLE

	2007	2006
Mortgage payable in annual instalments to the year 2020, bearing interest at a rate of 6.803% compounded semi-annually.	$ 4,904	$ 5,117

	Principal	Interest	Total
2008	$ 228	$ 327	$ 555
2009	243	311	554
2010	261	294	555
2011	279	275	554
2012	298	256	554
2013 and beyond	3,595	1,161	4,756
	$ 4,904	$ 2,624	$ 7,528

Interest expense on mortgage payable was $342 for the year (2006 - $355). The interest paid on the mortgage payable during the year was $342 (2006 - $355).

13. PENSION LIABILITIES

(a) Public Service Pension Plan (PSPP)

Both the Government and its employees make contributions to the Public Service Pension Plan administered by the Government of Canada. In 2007, the Government's contributions were $24,912 (2006 - $20,765).

The amount of the Government's contributions is set by the Government of Canada and represents the Government's sole obligation under this plan. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the plan.

13. PENSION LIABILITIES (continued)

(b) Legislative Assembly Retiring Allowances Plans

The Government of Nunavut sponsors two defined benefit pension plans for Members of the Legislative Assembly (MLAs). Both plans are administered by the Management and Services Board of the Legislative Assembly. The plans provide pensions based on length of service and final average earnings. They provide inflation protection based on increases in the Consumer Price Index.

The first plan is the Legislative Assembly Retiring Allowances Fund (LARAF), a registered and contributory defined benefit pension plan established under the *Legislative Assembly Retiring Allowances Act*. The Office of the Legislative Assembly operates a separate pension fund in trust to administer LARAF contributions and allowances. The fund came into effect on April 1, 1999.

The second plan is the Supplementary Retiring Allowances Fund (SRAF), a voluntary non-registered, non-contributory defined benefit pension plan established under the *Supplementary Retiring Allowances Act* for MLAs who elect to participate. Payments and expenses related to the SRAF are paid from the Government's consolidated revenue fund. The plan came into effect during the 2001-02 fiscal year, and provides for benefits retroactive to April 1, 1999.

There have been no plan amendments, plan settlements and curtailments or temporary deviations from the plans in 2007 (no changes in 2006).

Actuarial valuations were completed for the plans as of April 1, 2004. The valuations were based on a number of assumptions about future events including inflation rates (4.0%), interest rates (7.0%), return on assets (7.0%), increases in remuneration (5.0%), and mortality. The assumptions used reflect the best estimates as determined by the Management and Services Board of the Legislative Assembly. The valuations were performed using the projected unit credit actuarial cost method. The asset valuation method, market-related value, for the LARAF plan is equal to a smoothed market value which spreads the difference between the actual and expected investment income over a four year period. The effective date of the next actuarial valuations for the plans is April 1, 2007.

Retirement benefits are payable to a MLAs based on a percentage of the average best earnings over four consecutive years as a MLA and as a Minister, Speaker or Chairperson (if applicable) multiplied by credited service as a MLA and for each of the three positions (if applicable). A position must be held for at least one year, and the pension for each position is calculated separately. The percentages used to calculate retirement benefits are 2% for the LARAF and 3% for the SRAF.

The Normal Retirement Age under both plans is the earliest of (a) age 60, (b) 30 years of service, or (c) age plus service equals 80. A MLA may retire at any time upon ceasing to be a MLA. Early retirement results in a pension reduction of 0.25% for each month a MLA retires before the Normal Retirement Age. The late retirement age for MLAs is up to age 69.

The pension liabilities represent the excess of the actuarial present value of accrued pension benefits over the actuarial value of net assets available for benefits.

13. PENSION LIABILITIES (continued)

MLA pension liabilities as of March 31 are as follows:

	Pension plan LARAF	Pension plan SRAF	2007	2006
Accrued benefit obligation	$ 3,218	$ 4,561	$ 7,779	$ 6,550
Deduct:				
Pension fund net assets	3,200	-	3,200	2,421
Unamortized actuarial (gain) loss	(96)	(314)	(410)	(338)
	3,104	(314)	2,790	2,083
Pension liability	$ 114	$ 4,875	$ 4,989	$ 4,467

At March 31, 2007, the LARAF pension fund assets had a market value of $3,359 (2006 - $2,598). The actual rate of return was 10.89% (2006 - 15.03%). The SRAF has no pension fund assets; however, the pension liability is funded all or in part by designated cash and investments (Note 4).

LARAF and SRAF actuarial gains/losses are amortized over 6.1 and 5.5 years, respectively (2006 - 6.1 and 5.5 years respectively), which are the estimated average remaining service lives for contributors to the plans.

The total expenses related to MLA pensions include the following components :

	LARAF	SRAF	2007	2006
Current period benefit cost	$ 476	$ 686	$ 1,162	$ 1,333
Amortization of actuarial (gains) losses	15	(75)	(60)	(54)
	491	611	1,102	1,279
MLAs contributions	(147)	-	(147)	(146)
Pension expense	344	611	955	1,133
Interest cost on the average accrued benefit obligation	212	313	525	444
Expected return on average pension plan assets	(192)	-	(192)	(147)
Net pension interest expense	20	313	333	297
Total expenses related to pensions	$ 364	$ 924	$ 1,288	$ 1,430

Pension benefits paid for the LARAF and SRAF were $40 and $417, respectively (2006 - $53 and $392, respectively).

The Government's contributions related to the LARAF and SRAF during the year were $349 and $686, respectively (2006 - $349 and $641, respectively).

14. PETROLEUM PRODUCTS STABILIZATION FUND

The Petroleum Products Stabilization Fund was created under the authority of the *Revolving Funds Act*. The purpose of the Fund is to stabilize the prices of petroleum products purchased, sold, and distributed by the Government. The net revenues or expenses of the Petroleum Products Revolving Fund are charged to the Petroleum Products Stabilization Fund. The accumulated surplus or deficit balance in the fund cannot exceed $5,000.

	2007	2006
Surplus (deficit), beginning of the year	$ 2,581	$ (2,387)
Petroleum Products Revolving Fund, net profit (loss)	(5,988)	4,968
Surplus (deficit), end of the year	$ (3,407)	$ 2,581

15. COMMITMENTS

The Government has entered into agreements for, or is contractually committed to, the following payments payable subsequent to March 31, 2007:

	Year of Expiration	Total
Capital commitments	2011	$ 90,957
Operational commitments	2012	36,760
Policing agreement	2013	113,123
Operating leases (Schedule 6)	2023	59,473
		$ 300,313

16. CONTINGENCIES

(a) Contingent liabilities

	2007	2006
Uninsured losses	$ -	$ 176

b) Post-division adjustments

The agreement governing the division of assets and liabilities between the Government of Nunavut and the Government of the Northwest Territories as at April 1, 1999 sets out a mechanism which provides for post-division adjustments.

The period for such adjustments is unlimited and such adjustments could be made in a variety of specified circumstances such as the settlement of litigation related to events prior to the date of division. In such an event, there is an opportunity for one of the governments to file a claim against the other government to share in costs. Post-division adjustments will be recognized in the year the liability can reasonably be estimated. To date, the Government of Nunavut has not yet received any significant claims from or filed any significant claims against the Government of the Northwest Territories.

16. CONTINGENCIES (continued)

(c) Environmental restoration costs

The Government recognizes that there are costs related to the restoration of any contaminated sites situated on lands within the Territory. A liability will be accrued in the financial statements when it has been determined that the Government is liable for a site that is contaminated and where a reasonable estimate of the remediation costs can be made.

As of March 31, 2007, the Government has accrued $600 (2006 - $600) for soil restoration at Port Burwell, Killiniq Island, $500 (2006 - $500) for soil restoration at Cape Warwick, Resolution Island and $500 (2006 - nil) for remediation and restoration at Cape Christian. Any future liabilities for other sites will be recorded when identified and cost estimates of sufficient accuracy are obtained, and if it is determined that the Government is liable.

In 1998, the then Government of the Northwest Territories retained a contractor to undertake Phase III Environmental Site Assessments (ESAs) on all eastern arctic tank farm sites directly under the administrative and operational control of the Petroleum Products Division. This contract transferred to the Government of Nunavut in April 1999 and the ESAs were completed on 24 Nunavut tank farm sites. A soil remediation program was proposed in a report dated January 8, 2002. The estimated costs of $4.8 million to remediate the affected sites has been accrued in these financial statements (see Note 3).

The Government will continue with its program of site inspection, assessment and remediation on an ongoing basis. To facilitate this, the Government has established a committee to ensure all existing and potential liabilities are identified and appropriate actions initiated. This is an ongoing process, which should show continuous improvement as the Government continues to work towards the determination and appropriate recognition of all environmental liabilities within Nunavut.

(d) Litigation

More individuals have come forward alleging abuse by a former school teacher in the Territory when it was part of the Northwest Territories. Pursuant to agreements negotiated prior to the division of the territories, the Nunavut and Northwest Territories governments will jointly defend the action. The costs of defending the action and any damages that may eventually be awarded will be shared by the two governments 44.34% and 55.66% respectively. An estimate of the Government's share of the loss that may result from these suits has been accrued; however, the final outcome may vary significantly from this estimate.

A number of new cases of alleged sexual abuse by former employees or contractors in Nunavut when it was part of the Northwest Territories have been filed, or are pending, in addition to the case disclosed above. The Nunavut and the Northwest Territories governments will jointly defend any such proceedings and the cost of defending the actions and any damages that may eventually be awarded will be shared by the two governments 44.34% and 55.66%, respectively. An estimate of any liability that may result from these actions is not determinable at this time; consequently no liability has been accrued.

16. CONTINGENCIES (continued)

(e) Loan guarantees

As part of its financing, the Qulliq Energy Corporation has arranged various credit facilities at different terms and interest rates. The Government of Nunavut has guaranteed the following credit facilities.

	2007	2006
Bank credit facility, interest at prime	$ 7,000	$ 6,968
20 year redeemable amortizing debenture due 2021, interest rate of 6.809%	57,752	59,431
Floating rate capital loan facility due September 30, 2007, interest at prime	667	1,000
Total guarantees provided on balances outstanding	$ 65,419	$ 67,399

The bank credit facility limit is $12,000. The floating rate capital loan facility is $16,000.

(f) Pending and threatened litigation

There are 24 claims and threatened litigation cases outstanding against the Government for which the outcomes are not determinable, including a number of cases where an amount is not specified. The nature of these claims include wrongful dismissal, breach of policy, personal injury, sexual abuse, negligence, medical negligence, wrongful arrest and assault. As of March 31, 2007, all of these claims have been assessed as being either without merit or not determinable at this time.

17. RELATED PARTIES

Transactions with related parties and balances at year-end, not disclosed elsewhere in the financial statements, are disclosed in this note. During the year the Government made grants and contributions to or funded other costs for the following related parties:

	2007	2006
Nunavut Arctic College	$ 19,071	$ 21,475
District Education Authorities	10,305	8,954
Qulliq Energy Corporation	12,228	-
Nunavut Development Corporation	3,509	3,734
Nunavut Business Credit Corporation	450	450
	$ 45,563	$ 34,613

The Government provides funding to many communities, boards and agencies that offer services to the public and which operate independently of normal Government operations.

Under agreements with related boards and agencies, the Government provides services at cost or for a service fee where direct costs cannot be determined. The fees charged for indirect costs are not necessarily the cost of providing those services. Services provided included personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal, and interpretation services. Direct costs of $24,122 (2006 - $22,952) were incurred and recovered from related parties.

18. TRUSTS UNDER ADMINISTRATION

The Government administers trust accounts on behalf of third parties, which are not included in the reported Government assets and liabilities.

	2007	2006
Public Trustee	$ 3,508	$ 3,153
Victims' Assistance Trust	296	219
Natural Resources Conservation Trust	258	248
Millennium Scholarship Fund	27	13
Scholarship Fund	39	37
Territorial Court Trust	48	36
Maintenance Enforcement Trust	26	16
Young Offenders Welfare Trust	46	6
Baffin Correctional Centre Welfare Trust	21	26
Baffin Correctional Centre Inmate Trust	10	9
Young Offenders Trust	9	2
Sheriff's Imprest Account	7	16
Nunavut Labour Standards Board Trust	-	7
HSS - Akausisarvik	8	10
HSS - Ikpigusukniqmut Foundation	40	35
	$ 4,343	$ 3,833

19. OVER-EXPENDITURES

The Department of Health and Social Services exceeded its appropriations by $1,215 (2006 - $3,260). This contravenes Section 32 of the *Financial Administration Act*, which states "...No person shall incur an expenditure that causes the amount of the item set out in the Estimates on which the appropriation is based to be exceeded". This over expenditure includes an accrual for retroactive salaries resulting from an agreement with the Nunavut Employees Union which included a retro-active pay increase provision.

Nunavut Housing Corporation grants and contributions exceed appropriations by $600 as the expense was incurred in the current year but the supplementary appropriation (2007-2008 #2) was not approved until the 2007-08 fiscal year.

20. PROJECTS FOR THE GOVERNMENT OF CANADA AND OTHERS

The Government administers various projects on behalf of the Government of Canada and others. The agreements for these projects provide funding for all costs incurred. The following is a summary of the various project related revenues and expenses during the year.

		Main Estimates	2007 Actual	2006 Actual
Revenues				
	From the Government of Canada	$ 23,015	$ 42,115	$ 32,617
	From others	13,918	2,778	3,142
	Total revenues	$ 36,933	$ 44,893	$ 35,759
Expenses				
	Compensation and benefits	$ 11,006	$ 10,927	$ 10,656
	Grants and contributions	7,888	10,747	7,637
	Amortization of deferred capital contributions	-	1,610	1,531
	Other expenses	18,039	21,609	15,935
	Total expenses	$ 36,933	$ 44,893	$ 35,759

21. MAIN ESTIMATES FOR OPERATIONS AND MAINTENANCE

The tabled Main Estimates do not take into account any appropriations from the Revolving Funds. To ensure proper comparatives with actual expenses, the Main Estimates have been adjusted for the actual expenses incurred by the Revolving Funds.

	2007	2006
Printed Main Estimates	$ 873,269	$ 833,859
Legislative increase (reduction)		(650)
Tabled Main Estimates	873,269	833,209
Add: actual expenses from Revolving Funds:		
Liquor Revolving Fund	1,606	2,146
Petroleum Products Revolving Fund - net of the Government of Nunavut's contribution	15,451	6,063
	17,057	8,209
Main Estimates for comparative purposes	890,326	841,418
Printed Capital Estimates	103,540	101,903
Add: actual expenses from Revolving Funds:		
Petroleum Products Revolving Fund	4,058	-
Capital Estimates for comparative purposes	107,598	101,903
Total Estimates for comparative purposes	$ 997,924	$ 943,321

22. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the current year's presentation.

GOVERNMENT OF NUNAVUT

Schedule A

Non-Consolidated Schedule of Revenues by Source (unaudited)
for the year ended March 31, 2007
(thousands of dollars)

	Main Estimates	2007 Actual	2006 Actual
From the Government of Canada			
Territorial Formula Financing Agreement	$ 826,500	$ 844,031	$ 809,930
Other transfer payments	117,300	289,991	135,767
	943,800	1,134,022	945,697
Revenues generated by the Government of Nunavut			
Taxation revenues			
Personal income tax	13,000	11,673	16,414
Corporate income tax	6,000	4,295	6,837
Fuel tax	2,500	3,373	3,116
Tobacco tax	8,400	9,547	8,257
Insurance tax	600	921	633
Property tax	1,500	1,319	1,473
Payroll tax	6,700	8,233	6,881
	38,700	39,361	43,611
Petroleum Products Division revenue - net of cost of goods sold $125,472 (2006 - $114,028)	10,799	10,395	12,062
Liquor revenue - net of cost of goods sold $2,419 (2006 - $1,921)	2,745	2,290	2,525
Recoveries			
Staff housing recoveries	14,300	14,271	12,704
	66,544	66,317	70,902
Other revenues	18,000	21,544	16,458
	84,544	87,861	87,360
Recoveries of prior years expenditures (Schedule 1)	5,000	3,586	9,547
	89,544	91,447	96,907
Total revenues	**$ 1,033,344**	**$ 1,225,4**	**$ 1,042,604**

GOVERNMENT OF NUNAVUT

Schedule B

Non-Consolidated Schedule of Expenses (unaudited)
for the year ended March 31, 2007
(thousands of dollars)

	Main Estimates (Note 21)	Supplementary Appropriations	Transfers	Revised Estimates	Actual Expenses	(Over) Under Appropriation
LEGISLATIVE ASSEMBLY						
Operations and maintenance						
Compensation and benefits	$ 6,774	$ -	$ -	$ 6,774	$ 6,504	$ 270
Grants and contributions	-	-	-	-	-	-
Other expenses	7,035	-	-	7,035	6,669	366
Total operations and maintenance	13,809	-	-	13,809	13,173	636
Capital expenditures	315	-	-	315	291	24
Total expenses	$ 14,124	$ -	$ -	$ 14,124	$ 13,464	$ 660
EXECUTIVE AND INTERGOVERNMENTAL AFFAIRS						
Operations and maintenance						
Compensation and benefits	$ 8,195	$ -	$ -	$ 8,195	$ 7,834	$ 361
Grants and contributions	90	-	-	90	90	-
Other expenses	3,021	-	-	3,021	2,998	23
Total operations and maintenance	11,306	-	-	11,306	10,922	384
Capital expenditures	-	-	-	-	-	-
Total expenses	$ 11,306	$ -	$ -	$ 11,306	$ 10,922	$ 384
FINANCE						
Operations and maintenance						
Compensation and benefits	$ 22,380	$ 377	$ (23)	$ 22,734	$ 21,144	$ 1,590
Grants and contributions	5,783	5,409	-	11,192	12,228	(1,036)
Other expenses	23,629	2,118	23	25,770	22,851	2,919
Total operations and maintenance	51,792	7,904	-	59,696	56,223	3,473
Capital expenditures	-	-	-	-	-	-
Total expenses	$ 51,792	$ 7,904	$ -	$ 59,696	$ 56,223	$ 3,473
HUMAN RESOURCES						
Operations and maintenance						
Compensation and benefits	$ 13,153	$ -	$ -	$ 13,153	$ 12,359	$ 794
Grants and contributions	-	-	-	-	-	-
Other expenses	4,866	-	-	4,866	4,252	614
Total operations and maintenance	18,019	-	-	18,019	16,611	1,408
Capital expenditures	-	-	-	-	-	-
Total expenses	$ 18,019	$ -	$ -	$ 18,019	$ 16,611	$ 1,408

Non-Consolidated Schedule of Expenses (unaudited) - Continued
for the year ended March 31, 2007
(thousands of dollars)

	Main Estimates (Note 21)	Supplementary Appropriations	Transfers	Revised Estimates	Actual Expenses	(Over) Under Appropriation
JUSTICE						
Operations and maintenance						
Compensation and benefits	$ 21,443	$ 340	$ -	$ 21,783	$ 21,029	$ 754
Grants and contributions	2,027	-	-	2,027	1,831	196
Other expenses	32,898	1,981	-	34,879	34,449	430
Total operations and maintenance	56,368	2,321	-	58,689	57,309	1,380
Capital expenditures	5,107	(1,446)	-	3,661	1,174	2,487
Total expenses	$ 61,475	$ 875	$ -	$ 62,350	$ 58,483	$ 3,867
CULTURE, LANGUAGE, ELDERS AND YOUTH						
Operations and maintenance						
Compensation and benefits	$ 7,070	$ -	$ (130)	$ 6,940	$ 6,305	$ 635
Grants and contributions	5,455	-	100	5,555	4,967	588
Other expenses	3,694	160	30	3,884	2,589	1,295
Total operations and maintenance	16,219	160	-	16,379	13,861	2,518
Capital expenditures	3,183	1,380	-	4,563	1,126	3,437
Total expenses	$ 19,402	$ 1,540	$ -	$ 20,942	$ 14,987	$ 5,955
EDUCATION						
Operations and maintenance						
Compensation and benefits	$ 103,857	$ 1,000	$ (449)	$ 104,408	$ 107,909	$ (3,501)
Grants and contributions	40,140	1,160	(414)	40,886	39,498	1,388
Other expenses	40,271	2,060	863	43,194	37,739	5,455
Total operations and maintenance	184,268	4,220	-	188,488	185,146	3,342
Capital expenditures	19,737	14,746	-	34,483	13,286	21,197
Total expenses	$ 204,005	$ 18,966	$ -	$ 222,971	$ 198,432	$ 24,539
HEALTH AND SOCIAL SERVICES						
Operations and maintenance						
Compensation and benefits	$ 79,098	$ 200	$ (6,030)	$ 73,268	$ 67,310	$ 5,958
Grants and contributions	4,300	-	180	4,480	4,169	311
Other expenses	141,311	11,344	5,850	158,505	165,989	(7,484)
Total operations and maintenance	224,709	11,544	-	236,253	237,468	(1,215)
Capital expenditures	22,732	55,964	-	78,696	40,710	37,986
Total expenses	$ 247,441	$ 67,508	$ -	$ 314,949	$ 278,178	$ 36,771

Non-Consolidated Schedule of Expenses (unaudited) - Continued
for the year ended March 31, 2007
(thousands of dollars)

	Main Estimates (Note 21)	Supplementary Appropriations	Transfers	Revised Estimates	Actual Expenses	(Over) Under Appropriation
NUNAVUT HOUSING CORPORATION						
Operations and maintenance						
Compensation and benefits	$ -	$ -	$ -	$ -	$ -	$ -
Grants and contributions	95,121	5,878	-	100,999	101,599	(600)
Other expenses	-	-	-	-	-	-
Total operations and maintenance	95,121	5,878	-	100,999	101,599	(600)
Capital expenditures	20,588	91,445	-	112,033	112,033	-
Total expenses	$ 115,709	$ 97,323	$ -	$ 213,032	$ 213,632	$ (600)
ENVIRONMENT						
Operations and maintenance						
Compensation and benefits	$ 10,663	$ (423)	$ -	$ 10,240	$ 9,800	$ 440
Grants and contributions	1,891	(945)	12	958	916	42
Other expenses	4,088	1,617	(12)	5,693	5,274	419
Total operations and maintenance	16,642	249	-	16,891	15,990	901
Capital expenditures	2,230	2,215	-	4,445	3,441	1,004
Total expenses	$ 18,872	$ 2,464	$ -	$ 21,336	$ 19,431	$ 1,905
COMMUNITY AND GOVERNMENT SERVICES						
Operations and maintenance						
Compensation and benefits	$ 32,982	$ 170	$ (623)	$ 32,529	$ 29,635	$ 2,894
Grants and contributions	46,323	12,142	2,799	61,264	60,117	1,147
Other expenses	76,688	2,179	(2,176)	76,691	80,699	(4,008)
Total operations and maintenance	155,993	14,491	-	170,484	170,451	33
Capital expenditures	25,755	14,936	-	40,691	21,360	19,331
Total expenses	$ 181,748	$ 29,427	$ -	$ 211,175	$ 191,811	$ 19,364
ECONOMIC DEVELOPMENT AND TRANSPORTATION						
Operations and maintenance						
Compensation and benefits	$ 12,758	$ 623	$ (626)	$ 12,755	$ 12,418	$ 337
Grants and contributions	18,171	945	(55)	19,061	18,124	937
Other expenses	15,151	148	681	15,980	16,824	(844)
Total operations and maintenance	46,080	1,716	-	47,796	47,366	430
Capital expenditures	7,951	3,775	-	11,726	7,788	3,938
Total expenses	$ 54,031	$ 5,491	$ -	$ 59,522	$ 55,154	$ 4,368

Non-Consolidated Schedule of Expenses (unaudited) - Continued
for the year ended March 31, 2007
(thousands of dollars)

	Main Estimates (Note 21)	Supplementary Appropriations	Transfers	Revised Estimates	Actual Expenses	(Over) Under Appropriation
GOVERNMENT OF NUNAVUT						
Operations and maintenance						
Compensation and benefits	$ 318,373	$ 2,287	$ (7,881)	$ 312,779	$ 302,247	$ 10,532
Grants and contributions	219,301	24,589	2,622	246,512	243,539	2,973
Other expenses	352,652	21,607	5,259	379,518	380,333	(815)
	890,326	48,483	-	938,809	926,119	12,690
Amortization of tangible capital assets	-	-	-	-	31,529	(31,529)
Total operations and maintenance	890,326	48,483	-	938,809	957,648	(18,839)
Capital expenditures	107,598	183,015	-	290,613	201,209	89,404
Transfer to tangible capital assets	-	-	-	-	(78,491)	78,491
Total capital expenses	107,598	183,015	-	290,613	122,718	167,895
Total expenses	$ 997,924	$ 231,498	$ -	$ 1,229,422	$ 1,080,366	$ 149,056

Non-Consolidated Schedule of Tangible Capital Assets (unaudited)

as at March 31, 2007

(thousands of dollars)

	Buildings	Tank Farms	Infra-structure	Leased Buildings	Storage Facilities	Equipment	2007	2006
Cost of tangible capital assets								
Opening balance	$ 460,551	$ 108,859	$ 124,281	$ 112,526	$ 30,484	$ 25,218	**$ 861,919**	$ 846,662
Additions	3,719	200	960	1,718	-	4,488	**11,085**	9,675
Transfers from work in progress	8,302	-	4,804	-	-	19	**13,125**	5,582
Closing balance	472,572	109,059	130,045	114,244	30,484	29,725	**886,129**	861,919
Accumulated amortization								
Opening balance	(93,227)	(23,675)	(25,972)	(23,544)	(7,218)	(17,283)	**(190,919)**	(158,890)
Amortization expense	(15,598)	(4,073)	(4,737)	(3,823)	(1,096)	(3,813)	**(33,140)**	(32,029)
Closing balance	(108,825)	(27,748)	(30,709)	(27,367)	(8,314)	(21,096)	**(224,059)**	(190,919)
Work in progress								
Opening balance	109,828	16,142	27,084	-	777	1,401	**155,232**	116,567
Additions	52,400	3,777	16,210	-	-	437	**72,824**	44,247
Transferred to tangible capital assets	(8,302)	-	(4,804)	-	-	(19)	**(13,125)**	(5,582)
Closing balance	153,926	19,919	38,490	-	777	1,819	**214,931**	155,232
Net book value	$ 517,673	$ 101,230	$ 137,826	$ 86,877	$ 22,947	$ 10,448	**$ 877,001**	$ 826,232
Estimated useful life	**30 Years**	**30 Years**	**30 Years**	**30 Years**	**30 Years**	**5 Years**		

GOVERNMENT OF NUNAVUT

Schedule 1

Non-Consolidated Schedule of Recoveries of Prior Years Expenditures (unaudited)
for the year ended March 31, 2007
(thousands of dollars)

Department	Over Accruals	Other Recoveries	Total
Legislative Assembly	$ -	$ 4	$ 4
Executive and Intergovernmental Affairs	-	4	4
Finance	758	201	959
Human Resources	-	5	5
Justice	-	215	215
Culture, Language, Elders and Youth	107	-	107
Education	135	144	279
Health and Social Services	94	471	565
Environment	29	44	73
Community and Government Services	486	192	678
Economic Development and Transportation	411	285	696
Petroleum Products Division	-	1	1
	$ 2,020	$ 1,566	$ 3,586

GOVERNMENT OF NUNAVUT

Schedule 2

Non-Consolidated Schedule of Special Warrants (unaudited)
for the year ended March 31, 2007
(thousands of dollars)

	Date of FMB Approval		Amount Authorized
OPERATIONS AND MAINTENANCE			
Economic Development and Transportation			
To provide funding as a result of the transfer of the fisheries and sealing program from the Department of Environment.	April 6, 2006	$	1,716
Health and Social Services			
To provide funding for Wait Time Reduction. (This will enable the department to access funds held in the Wait Time Reduction Transfer Trust set up by the Government of Canada for health related initiatives.)	June 30, 2006		917
Total operations and maintenance		$	2,633
CAPITAL			
Health and Social Services			
To provide funding for diagnostic, medical and dental equipment. (This will enable the department to access funds held in the Diagnostic and Medical Equipment Trust set up by the Government of Canada for health related initiatives.)	June 30, 2006	$	1,608
Total capital		$	1,608

Non-Consolidated Schedule of Inter-Activity Transfers Over $250,000 (unaudited)
for the year ended March 31, 2007
(thousands of dollars)

OPERATIONS AND MAINTENANCE

Health and Social Services		
Healthy children, families and Communities	$ (540)	Transfer funds
Treatment	(460)	Transfer funds
Healthy children, families and Communities	95	Transfer funds
Treatment	905	Transfer funds
Community and Government Services		
Directorate	$ (1,450)	Transfer employee positions
Community Support	1,450	Transfer employee positions
Directorate	(250)	Transfer funds
Government Services	250	Transfer funds
Directorate	(987)	Reallocation of compensation and benefits
Community Support	(1,187)	Reallocation of compensation and benefits
Government Services	(1,005)	Reallocation of compensation and benefits
Safety and Protective Services	(324)	Reallocation of compensation and benefits
Capital Planning & Technical Services	(1,080)	Reallocation of compensation and benefits
Directorate	2,666	Transfer funds
Safety and Protective Services	191	Transfer funds
Safety and Protective Services	1,005	Transfer funds
Safety and Protective Services	128	Transfer funds
Safety and Protective Services	593	Transfer funds
Community Support	(350)	Transfer funds
Capital Planning & Technical Services	(630)	Transfer funds
Directorate	290	Transfer employee positions
Community Support	100	Transfer employee positions
Government Services	360	Transfer employee positions
Safety and Protective Services	80	Transfer employee positions
Capital Planning & Technical Services	150	Transfer employee positions
Economic Development and Transportation		
Economic Development	$ (500)	Transfer funds
Transportation	425	Transfer funds
Corporate Management	75	Transfer funds

CAPITAL

Community and Government Services (CGS)		
CGS - Capital, Iqaluit	$ 502	Capital budget adjustments
Petroleum Products Division	(18)	Capital budget adjustments
CGS Capital, Gjoa Haven	(484)	Capital budget adjustments

GOVERNMENT OF NUNAVUT

Schedule 4

Non-Consolidated Schedule of Debenture Loans Receivable from Municipalities (unaudited)
for the year ended March 31, 2007
(thousands of dollars)

	Original Amount	Balance March 31, 2006	Accrued Interest	Valuation Adjustment	Principal Payments	Balance March 31, 2007
City of Iqaluit	$ 3,898	$ 1,268	$ 91	$ -	$ (245)	$ 1,114
Municipality of Clyde River	-	99	-	-	(25)	74
	3,898	1,367	91	-	(270)	1,188
Less: valuation allowance	-	(100)	-	-	-	(100)
	$ 3,898	$ 1,267	$ 91	$ -	$ (270)	$ 1,088

GOVERNMENT OF NUNAVUT

Non-Consolidated Schedule of Student Loan Remissions (unaudited)
for the year ended March 31, 2007

STUDENT LOAN REMISSIONS

Under the *Student Financial Assistance Regulations*, the Government may forego collection of students' loans, provided certain criteria are met. The students listed below, having met the academic and the employment or residency criteria, have qualified and been granted remission of their loans. The *Financial Administration Act* states that any such write-off, if over $500, must be disclosed in the Public Accounts.

Rose, Anthony	$ 16,909	Pollock, Lisa	3,157
Higgins, Eelee	6,477	Hamburg, Jessica	2,972
Strader, Michael D.	5,557	Main, John	2,680
Mulgrew, Mavis	4,868	Bodner, Jenine	2,252
Masone, Marcello	4,800	Bartlett, Amy	2,063
Kennedy, Christopher	4,800	Constantineau, Marie-Rose	1,488
Rigby, Geoffrey	4,586	Lyall, Jessie	1,426
McLarty, Karen	4,400	Egeni, Camilius	962
Molloy, Andrew	4,400	Healey, Gwen	954
McGregor, Cameron	4,400	Main, Heather	929
Arnatsiaq, Nicole	4,400	Eleehetook, Debbie	210
Illaszewicz, Matthew	3,200		
			$ 87,890

Non-Consolidated Schedule of Commitments Under Operating Leases

for the year ended March 31, 2007
(thousands of dollars)

	2008	2009	2010	2011	2012	>2012	Total
Headquarters	$ 666	$ 263	$ 254	$ 115	115	$ 1,260	$ 2,673
Qikiqtaaluk	5,092	4,660	3,736	3,478	2,370	10,623	29,959
Kivalliq	3,452	2,924	2,562	2,482	2,202	9,964	23,586
Kitikmeot	1,671	332	216	183	94	759	3,255
Total	$ 10,881	$ 8,179	$ 6,768	$ 6,258	$ 4,781	$ 22,606	$ 59,473